



Australian Government

**Department of Broadband,
Communications and the Digital Economy**

ANNUAL REPORT 2008–09

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LETTER OF TRANSMITTAL



Australian Government
Department of Broadband, Communications
and the Digital Economy

Peter Harris

Secretary

Senator the Hon Stephen Conroy
Minister for Broadband,
Communications and the Digital Economy
Deputy Leader of the Government in the Senate
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Annual Report of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2009 for your presentation to the Parliament in accordance with section 63(1) of the *Public Service Act 1999*.

This report has been prepared in accordance with the provisions of section 63 of the Act and the Requirements for Annual Reports as approved by the Joint Committee of Public Accounts and Audit.

In accordance with the Commonwealth Fraud Control Guidelines, I certify that the Department of Broadband, Communications and the Digital Economy has reviewed its fraud control policy, guidelines and plan and has the required fraud prevention, detection, investigation, reporting and data collection procedures and processes in place to comply with the guidelines.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Harris'.

Peter Harris
1 October 2009



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HOW TO USE THIS REPORT

This report outlines the operations and performance of the Department of Broadband, Communications and the Digital Economy for the financial year ending 30 June 2009. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's Requirements for Annual Reports, released in June 2009.

The report is structured into the following sections.

SECTION 1—OVERVIEW

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, and its outcome and output structure.

SECTION 2—PERFORMANCE REVIEW

This section provides a report on the Department's performance against its outcome and output. Performance is measured against the success measures in the Department's 2008–09 Portfolio Budget Statements (PBS) and 2008–09 Portfolio Additional Estimates Statements (PAES).

SECTION 3—MANAGEMENT AND ACCOUNTABILITY

This section reports on the Department's management practices, including its governance arrangements, management of human resources, information technology and facilities, legal services, financial management and asset management.

SECTION 4—APPENDICES

The appendices provide supplementary information on a range of important issues, including:

- > Agency Resource Statement and Resources for Outcome
- > parliamentary committees
- > external scrutiny
- > legislation and statutory instruments
- > staffing statistics
- > freedom of information
- > advertising and market research
- > grants
- > ecologically sustainable development and environmental performance report
- > Commonwealth Disability Strategy performance report.

SECTION 5—FINANCIAL STATEMENTS

This section contains the Department's audited financial statements for 2008–09.

SECTION 6—OTHER INFORMATION

This section contains a list of acronyms, glossary of terms, corrections to the 2007–08 Annual Report, an alphabetical index and a compliance index to assist the reader.

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SECTION 1

OVERVIEW 1

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SECRETARY'S REVIEW

In 2008–09, the Department actively managed the Australian Government's priorities for:

- > the National Broadband Network
- > regional telecommunications
- > the switchover to digital television
- > realising the digital dividend
- > the national broadcasters
- > digital innovation
- > a range of consumer issues relevant to empowering consumers of broadband, telecommunication and online services.

These initiatives are helping the digital economy to grow across Australia. In this regard, the Department coordinated the development of *Australia's Digital Economy: Future Directions* launched by the Minister for Broadband, Communications and the Digital Economy on 14 July 2009. This paper articulates the Government's vision for Australia's digital economy and the roles that government, industry and the community as a whole will need to play if we are to fully capture the benefits that the digital economy offers.

NATIONAL BROADBAND NETWORK

Increased access to and use of high speed broadband services is expected to deliver transformational advantages to the Australian economy. The Government's National Broadband Network is central to harnessing these benefits across Australia.

In 2008–09, the Department conducted a Request for Proposals process with the aim of selecting a preferred proponent to build and operate a National Broadband Network.

After a rigorous analysis and evaluation of proposals, none of those received was found to offer a value for money outcome for the Commonwealth. As a consequence, the Government moved to expand its broadband vision in an announcement in April 2009.

The Department is implementing the Government's vision to roll-out and operate the National Broadband Network. The Government's objective is to:

- > connect 90 per cent of Australian homes, schools and workplaces with optical fibre providing speeds of 100 megabits per second
- > connect all other Australian premises with next generation wireless and satellite technology offering speeds of 12 megabits or better.

The Government has established a new company—the NBN Co Limited—to build and operate the National Broadband Network. The NBN Co will operate as a wholesale services provider. These operating arrangements will be enshrined in

legislation to provide for fair and effective competition in the telecommunications market.

The National Broadband Network Implementation Study, announced in April 2009, is scheduled to report in early 2010. It will consider matters such as detailed operating arrangements, ownership and structure, ways to attract private sector investment, and the longer term privatisation objective, in order to optimise the development of the National Broadband Network and the policy settings within which it will operate.

The Department, on behalf of the Commonwealth, entered into negotiations with the Tasmanian Government to secure the early roll-out of fast broadband in that state. On 16 July 2009, the Minister signed a Memorandum of Understanding between the Australian Government, Tasmanian Government and Aurora Energy.

As part of the National Broadband Network package, the Government also sought views on a range of options for reforming the existing telecommunications regulatory regime to make it work more effectively, particularly during the transition to the new environment. A discussion paper on regulatory reform was released on 7 April 2009, and submissions closed on 3 June 2009. The views of respondents have been considered by the Government in the development of legislation.

The *Telecommunications Legislation Amendment (National Broadband Network Measures No. 1) Bill 2009* was introduced into Parliament on 25 June 2009 to facilitate access to information about existing facilities being used by telecommunications carriers and other utilities that could assist with the roll-out of fibre optic cable. Further legislation is planned.

BROADBAND AND COMMUNICATIONS IN REGIONAL AUSTRALIA

As part of the Australian Government's National Broadband Network commitment and with a specific focus on regional Australia, the Department also commenced the process of building fibre optic transmission links on backbone routes where there is a lack of effective competition to connect cities, regional centres and rural towns.

During May 2009, the Department consulted with carriers, service providers, construction companies, equipment vendors and other jurisdictions to identify priority backbone routes. On 1 July 2009 the Department issued a tender to begin construction of priority routes in September 2009. This work aims to provide an immediate improvement to competition and services, as well as supporting the roll-out of the National Broadband Network.

While the National Broadband Network is being rolled out, the Australian Broadband Guarantee program continues to provide immediate support to Australian consumers and businesses by connecting them to metro-comparable services in areas where broadband would not otherwise be available. This could be within a broadband 'blackspot' in a city or in remote parts of Australia where broadband infrastructure is limited or non-existent.

On 5 March 2009 the Australian Government tabled its response to the Report of the Regional Telecommunications Independent Review Committee chaired by Dr Bill Glasson, *Framework for the Future*. The Department is implementing the Government's response through three programs: the \$60 million Digital Regions Initiative; an \$11.4 million extension and enhancement of the Satellite Phone Subsidy Scheme; and a \$3.7 million addition to a \$30 million refocused Indigenous Communications Program.

These programs aim to improve communications services for people living and working in regional, rural and remote Australia and support their ability to participate fully in the digital economy. Implementation of each program involves collaboration between Commonwealth, state and territory, and local levels of government as well as industry and consumer bodies.

SWITCHOVER TO DIGITAL TELEVISION

The switchover from analog to digital television will enable Australians to have access to superior television services in terms of choice, services, accessibility, usability and improved picture quality. A successful digital switchover is also important to realisation of the 'digital dividend' resulting from spectrum being freed-up and consequently made available for new services—such as wireless services—after the end of analog television transmission.

The Department has a major dedicated resource invested in this area. In the last year, it advised the Minister in support of a phased, region-by-region switchover timetable with the first area to switch being Mildura/Sunraysia in regional Victoria by mid-2010. In January 2009, the Government also announced funding of \$13.6 million for measures to support the switchover in Mildura/Sunraysia. These include a package of in-home assistance to help eligible households and a new direct-to-home satellite service to extend viewer access to digital television, together with a range of other measures aimed at informing consumers and improving awareness of switchover.

The cost of digital switchover is likely to be significant, initially of the order of \$138.7 million over three years. Of this, \$119.7 million will be provided to the Department for core digital switchover activities within regional television licence areas of South Australia, Victoria and Queensland. Funding for the remaining licence areas will be determined following the review of lessons learnt in switching over these initial regions.

On 5 April 2009, a national information campaign to help Australians to get ready for switchover began, with a series of television and radio advertisements.

The Department has also worked extensively with an Industry Advisory Group to bring together broadcasters, retailers, manufacturers, strata managers and the Australian Communications and Media Authority (ACMA).

THE NATIONAL BROADCASTERS

The Department managed a significant review of funding and policy for the national broadcasters during 2008–09. The review was initiated with the release in October 2008 of a consultation paper on key strategic and operational issues facing the Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS) over the coming decade. The review was conducted in the context of the Government's consideration of funding for the 2009–10 to 2011–12 triennium for the national broadcasters.

The public consultation process informed Government decisions in the 2009–10 Budget to provide the national broadcasters with an additional \$185.3 million in new funding over three years to develop a Digital Children's Channel and significantly enhance the screening of Australian-produced programs, including drama.

The Department has provided advice in support of the Government's reform agenda for the national broadcasters including the implementation of an open and transparent merit-based process for the appointment of non-executive directors to the ABC and SBS Boards. Four new board members were appointed to the ABC and SBS Boards in March 2009 using the new system.

DIGITAL INNOVATION

The Department was also active in advising on initiatives related to opportunities that are being created by innovative broadband applications and digital content. In the 2009–10 Budget, the Government announced further funding of \$185.5 million over four years to 2014–15 to ensure the long-term viability of National ICT Australia (NICTA). NICTA represents a major Government investment in ICT research, research training and associated industry development activities including commercialisation. Its research addresses a range of national issues including security, transport, the environment, water management and health.

The Department also continued to implement the \$118.6 million Clever Networks program which ends on 30 June 2010. The program is funding innovative broadband applications that are improving the delivery of health, education, government, community and emergency sector services to regional, rural and remote communities across Australia. Two of the program's 52 projects were completed during 2008–09.

This focus on improving the delivery of digital enabled services is continuing through the Digital Regions Initiative which will co-fund projects with state, territory and local governments to support improved education, health and emergency services in regional, rural and remote areas. The Department released draft program guidelines in June 2009 and expects to fund an initial round of projects in late 2009.

CONSUMER ISSUES

Over the past year the Department worked with consumer groups and stakeholders to establish the national peak communications consumer body, the Australian Communications Consumer Action Network (ACCAN). This network represents consumer interests, supported by robust, evidence-based research. It will also assist consumers to make informed product and service choices and to pursue their rights when service providers do not provide appropriate standards of service.

The Department's e-security initiatives provide home users, students and small businesses with easy to understand information and simple steps to help them to protect their personal and financial information by adopting smart online behaviours. In May 2009, the Department enhanced the Australian Government's e-security website www.staysmartonline.gov.au and from 5–12 June 2009 held the annual National E-security Awareness Week. The initiatives aim to support Australia's full participation in the digital economy and help to reduce e-security threats to critical infrastructure and government networks.

The Department plays a leading role in implementing the Government's Cyber-Safety Plan. On 4 May 2009, the Department established a Youth Advisory Group to consider and convey to Government how best to address cyber-safety risks faced by Australian children and communicate cyber-safety messages to other young Australians. The Department also conducted a live pilot of Internet Service Provider (ISP) level filtering to gather evidence on its effectiveness, ease of circumvention and costs.

FINANCIAL RESULTS

The Department's income for 2008–09 was \$119 million. Departmental expenses totalled \$115.0 million, resulting in an operating surplus of \$4.0 million, an outcome broadly in line with expectations. The moderate surplus was related to lower than anticipated legal services and consultant expenses. A more detailed analysis of financial performance is contained in the performance review section of this report.

NEW REPORTING ARRANGEMENTS AND BUSINESS IMPROVEMENT

The Government's Operation Sunlight reforms provided the Department with the opportunity to implement an output and program reporting framework and to review its organisation and program structure and resource allocation. From 1 July 2009 the Department reports to Parliament against three programs: broadband and communications infrastructure; telecommunications, online and postal services; and broadcasting and digital television.

The Department continued to implement its business reform program. The reforms aim to improve the Department's ability to: provide quality advice on the Government's policy agenda; deliver on its goals and produce required outcomes; more clearly communicate its outcome and strategic directions; ensure

its administrative processes support the efficient delivery of outcomes; better engage with the Minister and Minister's Office, industry, clients, central agencies and other key stakeholders; and improve internal communication and staff engagement with risk management.

CORPORATE GOVERNANCE

The Department reviewed elements of its corporate governance arrangements and processes during 2008–09, including: revised responsibilities and membership for the Audit Committee to improve its capability to provide independent assurance and assistance to the Secretary on control and compliance frameworks; a stronger focus on quantifiable performance achievement, including financial and risk management of the Department's administered expense items and major Departmental programs through the Performance Reporting Committee; revised fraud control and risk management plans; and improved integration between strategic directions, business planning and internal budgeting processes.

LOOKING FORWARD

The big challenge for 2009–10 will be to align the Government's powerful reform visions for all aspects of the communications, broadcasting and digital economy sectors, both in terms of their cross-over impacts, and also their impact on consumers and businesses.

Previous distinctions between communication and broadcasting systems are being eroded. Consumers can make voice calls via the internet instead of using a telephone, or watch video content online or on their mobile phone. Spectrum, once allocated as opportunity cost-free, is now seen as the most valuable real estate in the nation. Innovative service providers and consumers will drive convergence and seek to gain support from the transformation inherent in the National Broadband Network.

Convergence poses challenges for existing regulatory frameworks, developed when there were clearer distinctions between various communication technologies. The Department will need—transparently, and with the public interest as the guiding principle—to deal effectively with these challenges and advise the Government on the choices available. I look forward to a serious but exciting year in public policy.



Peter Harris
Secretary

DEPARTMENTAL OVERVIEW

The purpose of the Department of Broadband, Communications and the Digital Economy is to develop a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

The Department achieves its purpose through policy development, advice and program delivery activities that:

- > support efficient and strategic management of public resources
- > facilitate the competitive provision of services
- > enable access to reliable and reasonably priced basic and essential services
- > provide effective protection for the interests of consumers.

Through these activities the Department supports and encourages the development of world class communications infrastructure that is competitively priced, widely accessible, highly reliable, facilitates choice and is innovative.

The key objectives of each of the Department's three programs are:

- > Infrastructure—to facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.
- > Digital Economy and Services—to support all Australians to safely and securely realise the full potential of the digital economy and ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services.
- > Broadcasting and Digital Switchover—to ensure the smooth transition to digital television by the end of 2013 and support access to high quality and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations and needs.

The Department's commitment to the APS Values and Code of Conduct, and achieving the standards of service set out in its *Service Charter*, underpins its approach to pursuing its program objectives and outcome in the public interest.

MINISTERIAL ARRANGEMENTS

Senator the Hon Stephen Conroy served as Minister for Broadband, Communications and the Digital Economy throughout 2008–09.

PORTFOLIO STRUCTURE

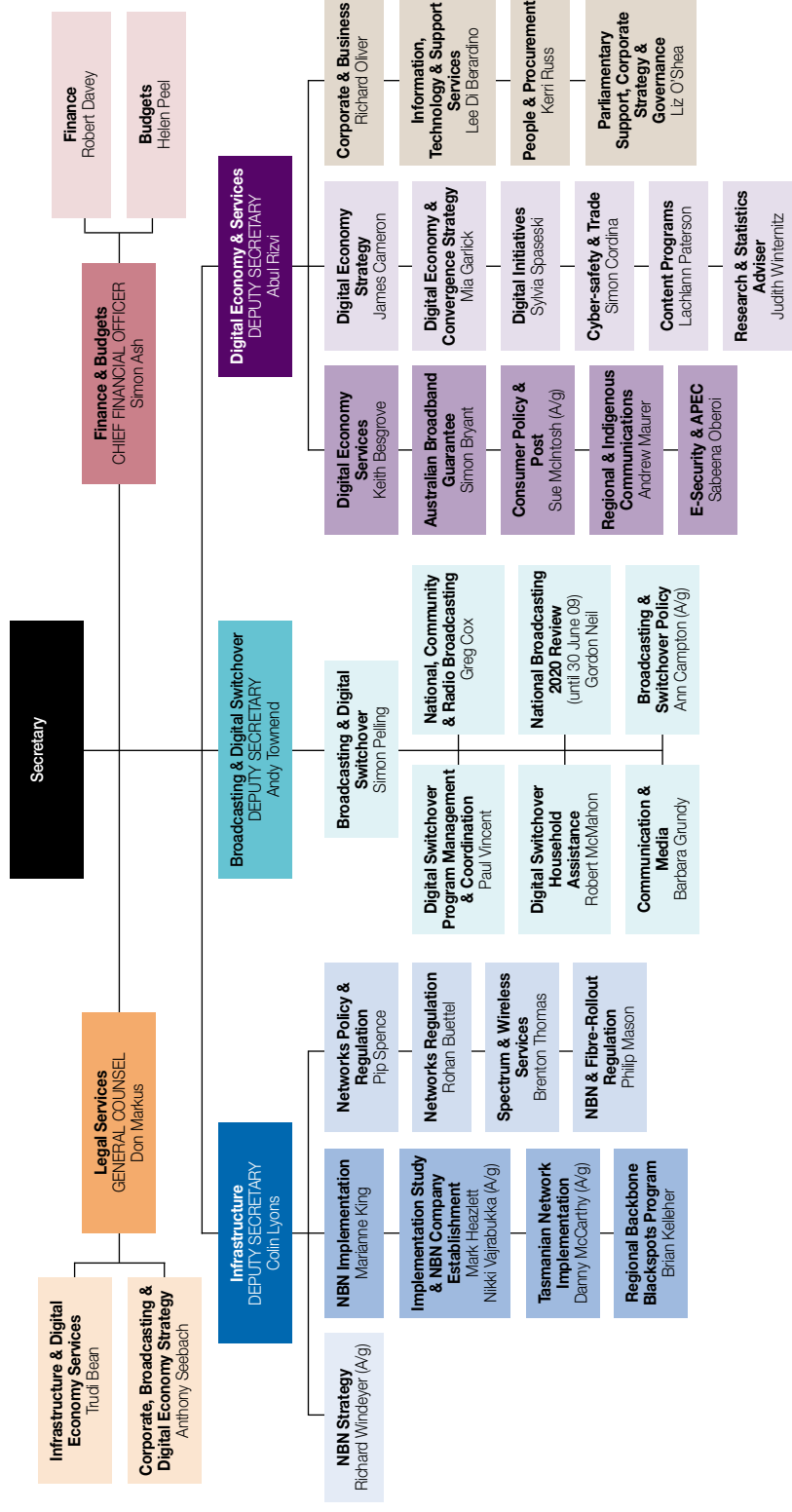
Figure 1.1 Portfolio agencies as at 30 June 2009

Agency		
Australia Post		
Australia Post is a Government Business Enterprise, fully owned by the Commonwealth Government. It provides high quality mail and delivery services to all Australians and a range of parcel and logistics services.		
Website <i>www.auspost.com.au</i>	Tel 03 9204 7171	Fax 03 9663 1160
Australian Broadcasting Corporation (ABC)		
The ABC is a national broadcaster. It contributes to and reflects Australia's national identity, fosters creativity and the arts and encourages cultural diversity. The ABC is an integral part of the radio, television and online production industries and the news and information media.		
Website <i>www.abc.net.au</i>	Tel 02 8333 1500	Fax 02 8333 5344
Australian Communications and Media Authority (ACMA)		
The ACMA is responsible for regulating in accordance with legislation relating to broadcasting, radio communications, telecommunications and online content. The ACMA works with all stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards.		
Website <i>www.acma.gov.au</i>	Tel Canberra 02 6219 5555 Melbourne 03 9963 6800 Sydney 02 9334 7700	Fax 02 6219 5200 03 9963 6899 02 9334 7799
NBN Co Limited (ACN: 136 533 741)		
A fully Commonwealth owned company established to roll-out and operate the National Broadband Network. The Government will encourage private sector investment in the company and the company will be able to borrow up to 50 per cent of its capital requirements on its own behalf. Until full privatisation, the Government will be the majority shareholder in the company.		
Special Broadcasting Service Corporation (SBS)		
The SBS is a national broadcaster. It provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.		
Website <i>www.sbs.com.au</i>	Tel 02 9430 2828	Fax 02 9430 3700

ORGANISATION CHART

The Department is organised into groups and divisions which support the outcome and program structure introduced in response to the Australian Government's Operation Sunlight reforms in the 2009–10 Budget. The organisational chart overleaf reflects the organisational structure as at 30 June 2009.

Figure 1.2 Broadband, Communications and the Digital Economy Organisation Chart at 30 June 2009



DEPARTMENT STRUCTURE, FUNCTIONS AND SERVICES



Patricia Scott



Peter Harris

Throughout 2008–09, the Department was led by Patricia Scott, Secretary of the Department. On 29 August 2009, the Prime Minister the Hon Kevin Rudd MP appointed Peter Harris to the position of Secretary of the Department of Broadband, Communications and the Digital Economy.

The Department is organised into three program groups, a legal services group and a finance and budgets group. The three program groups are the Infrastructure Group, the Digital Economy and Services Group and the Broadcasting and Digital Switchover Group. The role of each group and its key personnel are outlined below.

INFRASTRUCTURE

The Infrastructure Group is responsible for implementing the National Broadband Network and associated regulatory reform. It also provides advice on telecommunications infrastructure, spectrum management and related matters.



Colin Lyons

Colin Lyons is the Deputy Secretary, Infrastructure Group. First Assistant Secretaries within the group are:

- > Marianne King—National Broadband Network Implementation
- > Pip Spence—Networks Policy and Regulation
- > Richard Windeyer—National Broadband Network Strategy

DIGITAL ECONOMY AND SERVICES

The Digital Economy and Services Group is responsible for advice on telecommunications and online services, consumer issues and postal services. It has responsibility for issues associated with the development of the digital economy, convergence, digital innovation as well as cyber-safety and e-security. It delivers a range of programs including the Australian Broadband Guarantee, the Satellite Phone Subsidy Scheme, Indigenous Communications, Clever Networks and the Digital Regions Initiative. This Group includes the Corporate and Business Division.



Abul Rizvi

Abul Rizvi is the Deputy Secretary, Digital Economy and Services Group. First Assistant Secretaries within the group are:

- > James Cameron—Digital Economy Strategy
- > Keith Besgrove—Digital Economy Services
- > Richard Oliver—Corporate and Business

BROADCASTING AND DIGITAL SWITCHOVER

The Broadcasting and Digital Switchover Group is responsible for broadcasting and digital television matters and provides advice relating to the national broadcasters as well as community and commercial broadcasting. The Digital Switchover Taskforce, which forms part of this group, manages the switchover to digital television.



Andy Townend

Andy Townend is the Deputy Secretary, Broadcasting and Digital Switchover Group and Executive Director of the Digital Switchover Taskforce. The group has one First Assistant Secretary:

- > Simon Pelling—Broadcasting and Digital Switchover

LEGAL SERVICES

The Legal Services Group is responsible for assisting the Minister and the Secretary to protect the legal interests of the Commonwealth relevant to the portfolio, providing and procuring legal services, coordinating the portfolio's legislative program, freedom of information, facilitating external scrutiny and coordinating the portfolio's contribution to the Government's deregulation agenda.

Don Markus is the General Counsel, Legal Services Group.

FINANCE AND BUDGETS

The Finance and Budgets Group is responsible for: coordination of the Department's Portfolio Budget Submission and Statements and Additional Estimates Statements; internal budget allocations; accounting and financial policy, procedures and guidelines; financial transaction processing and reporting; credit card management; revenue collection and banking; asset management and accounts payable.

Simon Ash is the Chief Financial Officer, Finance and Budgets Group.

OUTCOME AND OUTPUT STRUCTURE

As part of the Government's Operation Sunlight administrative reforms the Department has revised its Outcome statement and transitioned from the previous Outcome and Output reporting structure to the Outcome and Program reporting structure. This report records the Department's performance against the performance indicators outlined in its 2008–09 Portfolio Budget Statements as required, using a presentation that aligns with the Department's new program and organisational structure.

Figure 1.3 Changes to the Outcome and Output Structure

2008–09 Portfolio Budget Statements	2008–09 Portfolio Additional Estimates Statements	2009–10 Portfolio Budget Statements
Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.	No change	Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.
Output 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.	No change	Program 1.1 Broadband and Communications Infrastructure: To facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia. Referred to as Infrastructure in this report.
		Program 1.2 Telecommunications, Online and Postal Services: To support all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services. Referred to as Digital Economy and Services in this report.
		Program 1.3 Broadcasting and Digital Television: Ensure the smooth transition to digital television by the end of 2013. Support access to high quality and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations. Referred to as Broadcasting and Digital Switchover in this report.



SECTION 2

PERFORMANCE REVIEW

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PERFORMANCE REVIEW

This section reports on the Department's performance:

- > in achieving its Infrastructure, Digital Economy and Services, and Broadcasting and Digital Switchover program objectives against the success measures published in the Department's 2008–09 Portfolio Budget Statements and Portfolio Additional Estimates Statements
- > against service standards set out in its *Service Charter*
- > in managing its finances.

INFRASTRUCTURE

The Department's Infrastructure Group and program support efficient investment in fast and reliable broadband and communications infrastructure across Australia by:

- > implementing the National Broadband Network initiative
- > providing strategic advice on reform of current regulation regarding infrastructure to make it work more effectively, particularly during the roll-out of the National Broadband Network
- > supporting efficient management and allocation of radio frequency spectrum through continued development of policy advice to address changing consumer and industry demand for spectrum, including reallocation where appropriate of radiofrequency spectrum to highest value use to the community
- > working with other agencies and industry to protect Australia's critical infrastructure.

NATIONAL BROADBAND NETWORK

During 2008–09, the Department focused on delivering the Australian Government's commitment to the roll-out of a National Broadband Network.

Progress towards meeting the performance targets set out in the 2008–09 Portfolio Budget Statements was initially made through an open Request for Proposals (RFP) process. Following the Government's termination of the RFP process, the Department focused on implementing the Government's policy direction and commitments announced on 7 April 2009.

Under the National Broadband Network initiative the Government will seek to roll-out high speed broadband to 100 per cent of homes and workplaces using fibre-to-the-premises (FTTP) supplemented by next generation wireless and satellite technology.

To achieve the Government's objectives, a new company has been established, that will invest up to \$43 billion to build and operate the National Broadband Network. The following milestones were also achieved:

- > commenced negotiations with the Tasmanian Government to expedite the roll-out of the National Broadband Network in Tasmania

- > issued a tender to build, operate and maintain fibre backbone infrastructure in six priority regional locations
- > commenced the implementation study process, and engaged lead advisers to prepare a report to Government in early 2010, considering among other things, the operating arrangements for the NBN Co, and options to attract private sector investment in the company
- > commenced consultation on legislative amendments to implement the commitment to require greenfield developments to use FTTP technology from 1 July 2010
- > progressed legislative reforms to make the existing regulatory framework work more effectively, particularly during the roll-out of the National Broadband Network.

Significant progress on the roll-out of the National Broadband Network has been made since the end of the reporting period including the announcement of the first stage of the roll-out of the National Broadband Network to three towns in Tasmania with wholesale access services expected to be provided in the second quarter of the 2010 calendar year.

INFRASTRUCTURE REGULATION

As part of the National Broadband Network initiative, the Government has committed to ensuring an appropriate and effective telecommunications regulatory framework is in place, including in the transition to the National Broadband Network.

On 7 April 2009, the Minister released the discussion paper titled *National Broadband Network: Regulatory Reform for 21st Century Broadband* which canvassed possible legislative reforms to make the existing regulatory framework work more effectively, particularly during the roll-out of the National Broadband Network. Submissions to the discussion paper closed on 3 June 2009, and more than 130 submissions were received. On 15 September 2009, the Government introduced the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 to deliver fundamental reforms to existing telecommunications regulations in the interests of Australian consumers and businesses.

As well as seeking views on reforms to the existing regulatory regime, the Government set out in the discussion paper its intention to establish in legislation the governance, ownership and operating arrangements for the NBN Co and the access regime to apply to the network. Views on the detail of these arrangements were invited on 3 July 2009, and by 30 July more than 30 submissions had been received. The discussion paper also referred to the Government's intention to introduce legislation to expedite the deployment of fibre optic networks, including requiring the use of fibre optic infrastructure in greenfield estates from 1 July 2010. On 29 May 2009 the Department released a consultation paper on how to implement the fibre in greenfield estates initiative. Submissions closed on 12 June 2009, and more than 90 submissions were received.

A first tranche of legislation was introduced into the Parliament during the Winter 2009 sittings to enable network information to be provided to the Commonwealth

by telecommunications carriers and other utilities for purposes related to the planning and roll-out of the National Broadband Network in accordance with the Government's announcement of 7 April 2009.

SPECTRUM POLICY

Access to radiofrequency spectrum is critical to the provision of communications services which play a central role in everyday life. These include broadcast services, mobile telephony and wireless broadband. These services are an integral part of social and business activity, making spectrum a key piece of the economy's infrastructure. The rapidly increasing demand for finite spectrum resources for more wireless services, broadcast space and increased mobility is placing pressure on incumbent users and raises policy issues regarding industry and consumer access to this scarce resource.

The Department administers Australia's membership of the International Telecommunication Union (ITU) and the associated member state contribution as part of Australia's international efforts to manage spectrum resources and to progress other policy issues outlined in the consumer representation and protection, cyber-safety and e-security subsections of this performance review. An amount of 4.725 million Swiss Francs (or \$6.1 million) was appropriated for membership of the ITU in 2008–09 under the International Organisations Contributions item of the Department's Budget papers. Under Australia's treaty-level obligations to the ITU, the Department also ratified the Final Acts of the World Radiocommunication Conference which was held from 22 October to 16 November 2007. During 2008–09, the Department supported 10 workshops and 21 direct country assistance telecommunications projects in the Asia-Pacific region.

During 2008–09, the Department provided advice to the Minister on a wide range of spectrum-related issues, including developments locally and overseas. The Department also consulted regularly with ACMA and industry, and commissioned technical work. The two major spectrum policy issues progressed by the Department in 2008–09 concerned the digital dividend and the 15-year mobile spectrum licences.

Digital dividend

The digital dividend refers to the radiofrequency spectrum, currently used for analog television, which is freed-up by the switchover from analog to digital-only television. Digital dividend spectrum is highly sought after for its excellent propagation characteristics and can potentially be used to provide a range of new communications services including super-fast mobile broadband.

The Department worked on digital dividend policy issues relating to the amount of spectrum that can be released, the impact on incumbent users, implications for reallocation and international harmonisation and alignment issues.

In April 2009, the Minister announced that a Government green paper will be released seeking comments on the costs and benefits of realising the digital

dividend. In 2008–09, the Department commissioned technical studies assessing the impact of releasing the dividend on current users of the spectrum, drafted the green paper and provided policy advice to Government on digital dividend issues.

15-year mobile spectrum licences

The Department provided policy advice to assist the Government's consideration of the re-issue of 15-year spectrum licences. The licences are used primarily to provide mobile and wireless broadband services and expire between 2013 and 2017.

In late 2008, the Department engaged consultants to provide an independent report to identify and discuss issues and options available to the Government on the expiry of the 15-year spectrum licences. In April 2009, the Department released a discussion paper—*Public Interest Criteria for re-issue of Spectrum Licences*—that focused on public interest provisions that the Minister may wish to consider during any decision to reallocate or renew the 15-year spectrum licences. The Department is now considering submissions to the discussion paper to enable advice to the Minister on the re-issue of the spectrum licences.

CRITICAL INFRASTRUCTURE PROTECTION

The Department provided secretariat and program support to three communications and information technology security groups under the Trusted Information Sharing Network, a collaboration between Government and industry for the protection of critical infrastructure.

GOVERNMENT ADVISORY COMMITTEE OF THE INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS (ICANN)

Internet domain names provide the address links that allow emails and other digital content to be sent and received. A carefully structured domain addressing system is a key requirement to the effective and reliable operation of the internet.

The Internet Corporation for Assigned Names and Numbers (ICANN) is the not-for-profit organisation responsible for the global coordination of the naming and numbering systems that underpin the stable operation of the internet. The Government Advisory Committee provides public policy advice to ICANN. In 2008–09, the Department participated in several meetings of the Government Advisory Committee, including participating in the ICANN meeting held in Sydney in June 2009.

Significant issues addressed in 2008–09 included the development of frameworks for the introduction of new Internet Top-Level Domains (such as .sport) and Internationalised Domain Names (names that use non-Latin scripts).

The Department also progressed the Government's broader commitment to global internet governance arrangements through its contribution to international discussion and agreements by way of its participation in the Internet Governance Forum and the International Telecommunication Union.

DIGITAL ECONOMY AND SERVICES

The Digital Economy and Services Group and program assists Australians to make best use of broadband and communications infrastructure through:

- > promoting the digital economy
- > activities to improve communication services for those living and working in regional, rural and remote Australia, including
 - supporting and responding to the report of the Regional Telecommunications Independent Review Committee
 - subsidising the purchase of satellite phone handsets
 - providing and maintaining community phones for remote Indigenous communities
 - improving public access internet services in remote Indigenous communities
 - subsidising broadband connections particularly in regional and remote parts of Australia through the Australian Broadband Guarantee
- > activities that support more innovative delivery of online services, including
 - the Information and Communication Technology Centre of Excellence program which develops and commercialises applications that support the innovative use of Australia's broadband, information and communications infrastructure
 - Clever Networks and the Digital Regions Initiative which support cross-regional deployment of successful innovative broadband and communications applications
- > activities that support and protect the interests of consumers, including
 - supporting the Australian Communications Consumer Action Network (ACCAN) to represent telecommunications consumers and undertake research
 - programs and regulation of the sector to support availability of essential and reliable services and the protection of consumer interests
 - implementation of the Government's Cyber-Safety Plan and E-security awareness initiatives
- > supporting the ongoing operation of an efficient and effective postal service.

PROMOTING THE DIGITAL ECONOMY

The digital economy is the global network of economic and social activities that are enabled by platforms such as the internet, mobile and sensor networks. The digital economy is accessed through devices most of us use each day such as computers, phones and game consoles. It includes such things as the online maps that we consult, the web searches that we do to find information and our electronic banking.

A successful digital economy is essential for Australia's economic growth and productivity as well as to the way we interact socially. It offers new opportunities for

businesses to access a larger, potentially global, audience and for individuals to connect and collaborate.

In 2008–09, the Government worked with industry to develop a paper titled *Australia's Digital Economy: Future Directions*. The paper, released on 14 July 2009, outlines a vision for the digital economy and a framework for maximising Australia's online participation including roles for government, industry and the community. Key areas of focus to maximise the benefits of the digital economy are:

- > for government to lay the foundations for Australia's digital infrastructure, facilitate innovation and set conducive regulatory frameworks
- > for industry to demonstrate digital confidence and build digital skills, adopt smart technology and develop sustainable online content models
- > for the community to enjoy digital confidence and digital media literacy skills, experience inclusive digital participation and benefit through online engagement.

The paper also announced that the Government will host a forum titled *National Broadband Network: Realising the Vision* to assist Australia's research community and commercial sector to map the applications and business models which will thrive in Australia's high-speed future.

The development of the paper during 2008–09, involved an extensive consultation process, including three workshops, a high level-forum, and a blog which attracted 2456 comments from the public. The Department also received more than 110 submissions in response to its consultation paper.

The paper aligns with other important Government initiatives to enable Australia to become a more innovative nation. Building on the vision underlying the National Broadband Network and the digital switchover of television services, the paper complements the Government's *Powering Ideas* paper which outlines an agenda for innovation in the 21st century.

COLLABORATIVE BROADBAND FRAMEWORK

The *Framework for the collaborative development and use of broadband in Australia* outlines a shared vision for broadband in Australia, in which world-class communications infrastructure and services underpin greater economic competitiveness and an improved quality of life for Australians.

The Framework is a first for Australia because it outlines a national commitment to broadband collaboration and cooperation between all tiers of government.

In agreeing to the Framework members of the Online and Communications Council made a commitment in December 2008 to work together to enhance the development and effective use of broadband in Australia.

The Online and Communications Council comprises the Minister for Broadband, Communications and the Digital Economy, the Minister for Finance and Deregulation, a minister from each state and territory government and the President of the Australian Local Government Association.

The council agreed that promoting the development and effective use of broadband would enhance Australia's economic performance and environmental and social wellbeing. To achieve these outcomes the council agreed to work towards a cohesive national approach and that Australia should aspire to become one of the world's leading digital economies.

The Framework identified three priority areas and objectives for collaboration.

Priority area 1: Broadband availability

- > *Objective: All Australians have access to high-speed broadband at equitable service levels and prices.*

Priority area 2: Broadband take-up

- > *Objective: Australians are fully aware of the benefits of high-speed broadband, and are able to choose a broadband service that meets their needs.*

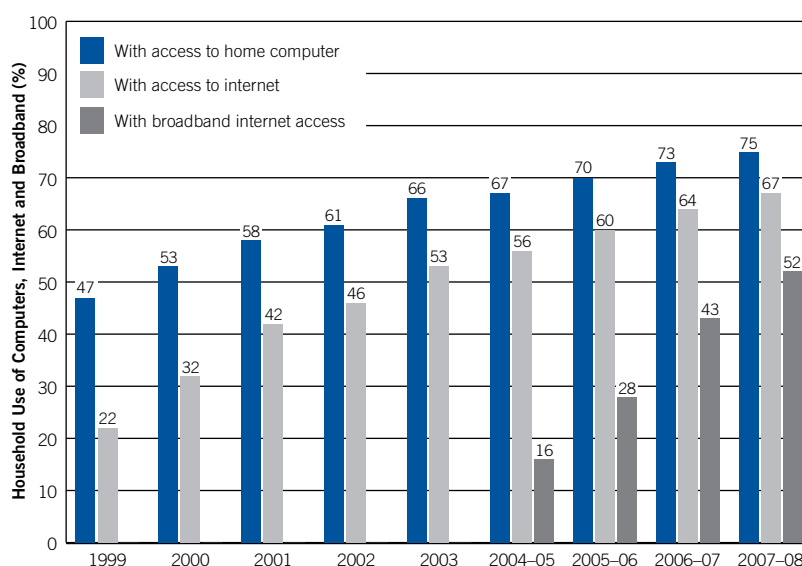
Priority area 3: Broadband usage

- > *Objective: Australians use high-speed broadband to improve economic, environmental and social wellbeing.*

Consumer and business engagement in the digital economy

Australian households and businesses continue to adopt the internet and broadband both at home and in business. In 2007–08, approximately 75 per cent of Australian households had a computer and, of those, 90 per cent were connected to the internet (that is 67 per cent of all households). Of the 67 per cent with internet (refer to Figure 2.1), close to 78 per cent had broadband (that is 52 per cent of all households). This compares to 29 per cent with broadband (that is 16 per cent of all households) in 2004–05, and illustrates the rapid take-up of broadband by Australians.

Figure 2.1 Household take-up of computers, internet and broadband 1999 to 2007–08

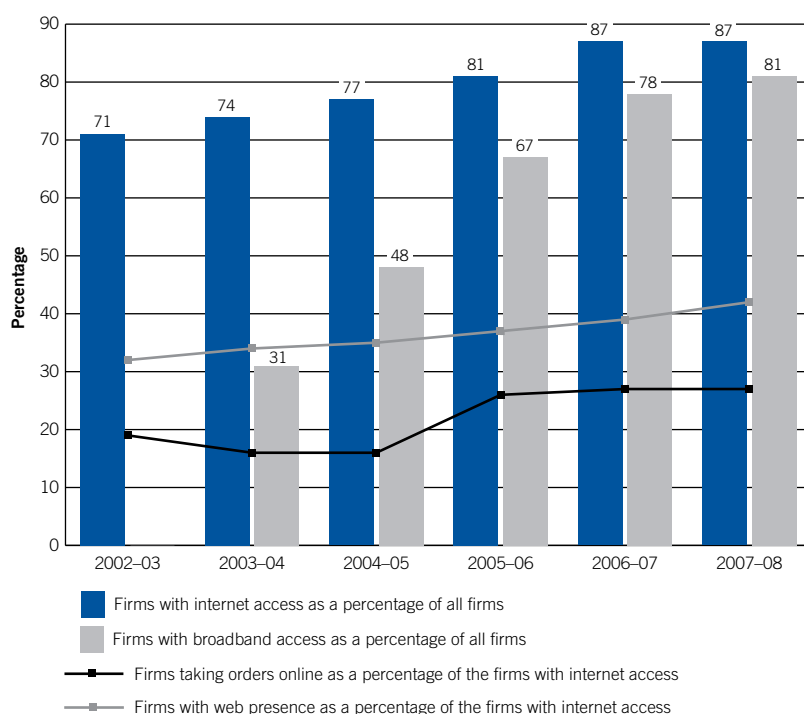


Notes: Broadband data was not collected prior to 2004–05. Broadband refers to an 'always on' internet connection with an access speed equal to or greater than 256 kilobits per second.

Source: ABS Household Use of Information Technology 2007–08 (Cat. No 8146.0)

Businesses experienced an even greater take-up of the internet and broadband. Figure 2.2 demonstrates that in 2007–08, 87 per cent of businesses had internet access and 93.5 per cent of these (that is 81 per cent of all businesses) had broadband. But the data also suggests there is significant potential for business—particularly small business—to further engage with the digital economy. Of all businesses using the internet in 2007–08, only 42 per cent had a web presence, and only 27 per cent took orders online.

Figure 2.2 Business use of internet, broadband and eCommerce 2002–03 to 2007–08



Notes: ABS advise that the 2006–07 and 2007–08 data points are not strictly comparable with the previous years because of minimal differences in coverage associated with the revised ANZSIC industry classification. Broadband refers to an 'always on' internet connection with an access speed equal to or greater than 256 kilobits per second. Source: Based on ABS Summary of ICT and Innovation in Australian Business, 2005–06 and 2007–08 (Cat. No. 8166.0)

International statistics provide an indication of Australia's comparative position as a digital economy. In December 2009, the Organisation for Economic Co-operation and Development (OECD) statistics indicated Australia was 16th in terms of broadband penetration¹. In September 2008, the OECD ranked Australian broadband prices² as being on average fourth most expensive for very low speed connections and fifth most expensive for medium speed connections within the OECD group of 30 countries, while the World Economic Forum ranks Australia 29th for the lowest cost of broadband.³ The Australian Government's communications initiatives, including the National Broadband Network, are focused on improving access by all Australians to high quality broadband services.

1 OECD Broadband Portal, comparative broadband penetration rankings for December 2008, www.oecd.org/sti/ict/broadband Table 1d.

2 OECD Communications Outlook 2009, p282, www.oecd.org/sti/telecom/outlook

3 World Economic Forum, *The Global Information Technology Report 2008–2009*. Measurement used for ranking is lowest sampled cost (\$US) per 100 kilobits per second (kbps) as a percentage of Gross National Income (GNI).

IMPROVING SERVICES IN REGIONAL, RURAL AND REMOTE AUSTRALIA

Regional telecommunications review

The Regional Telecommunications Independent Review Committee was established under the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. It conducted a review into the adequacy of telecommunications services in regional, rural and remote parts of Australia.

Chaired by Dr Bill Glasson AO, the Committee provided its report to Government on 5 September 2008, and made 45 recommendations relating to the need for improved telecommunications in regional areas that support:

- > access to health, education and emergency services
- > growth of business opportunities and regional economies
- > improved social inclusion and consumer opportunities and choice
- > collaboration across all levels of government, and with industry and consumer groups.

Table 2.1 Regional Telecommunications Inquiry response

Key Performance Indicator	Improved communication services to those living and working in regional, rural and remote Australia.
2008–09 Target	Result
Develop the Australian Government's response to the report of the Regional Telecommunications Independent Review Committee into the adequacy of telecommunications services in regional, rural and remote parts of Australia.	The Government's response was tabled in Parliament on 5 March 2009, within the legislated timeframe.

The Government's response funded activity under three initiatives: the Satellite Phone Subsidy Scheme; Indigenous Communications Program and Digital Regions Initiative.⁴

⁴ Digital Regions Initiative is reported under 'Supporting innovative delivery of online services'.

SATELLITE PHONE SUBSIDY SCHEME

Satellite phones provide mobile communications in areas of Australia which fall outside handheld terrestrial mobile phone coverage. The Satellite Phone Subsidy Scheme provides subsidies of up to 85 per cent of the cost of a satellite phone handset.

On 5 March 2009, the Australian Government announced a four-year extension of the scheme with a range of enhancements. These included additional subsidies for health and emergency services organisations. Over the past eight years the scheme has provided more than 10 000 subsidies to individuals, small businesses, community groups and Indigenous organisations.

Australian Adventure Tours operates in all remote areas of Australia. Director Steve Wieczorek says that satellite communications are an essential part of safety management plans for his business. Satellite phones have provided, 'us and our passengers a sense of security. We had an incident in Kakadu National Park when we came across a vehicle rollover and we were able to contact the Ranger and Emergency Services. Without that, it could have taken days to get help.'

St John Ambulance Australia in Nannup, Western Australia uses two satellite phones. The ambulance group covers an area in the south-west of Western Australia which has dense bushland and rough mountainous terrain, which presents challenges for receiving terrestrial mobile phone and radio signals. Local ambulance officer, Geoff Wishart says the satellite phones, 'are worth every cent' as they never fail in emergency situations requiring a combined response with Police and Fire Brigade.



Handheld satellite phone

Satellite Phone Subsidy Scheme

As part of the Government's response package to the Regional Telecommunications Review, \$11.4 million has been allocated over four years to June 2013 to continue and enhance the Satellite Phone Subsidy Scheme.[†]

The aim of the scheme is to make mobile satellite telephony more affordable for people living or working in areas that do not have mobile phone coverage from terrestrial networks. Around 75 per cent of Australia's landmass does not have any terrestrial mobile phone coverage.

Enhancements to the scheme, effective from 5 March 2009 include:

- > a subsidy increase to 85 per cent of the handset cost, up from the previous 60 per cent, including for the replacement of handsets purchased more than three years ago
- > additional handset subsidies for health and emergency service organisations, up from the current limit of two.

In 2008–09, 1401 subsidies were provided for the purchase of satellite phones and administered expenses of around \$700 000 were incurred⁵.

Indigenous Communications Program/Backing Indigenous Ability

As part of its response package to the Regional Telecommunications Review, the Government announced that it would contribute an additional \$3.7 million to a \$30 million refocused and enhanced Indigenous Communications Program.[†]

The objective of the Indigenous Communications Program is to improve essential telecommunications services, basic public internet access facilities and computer training for remote Indigenous communities. The program will build upon existing programs to deliver remote Indigenous communities greater access to enhanced and more flexible solutions to address their telecommunications needs.

The Indigenous Communications Program will:

- > provide a fixed or mobile community phone to around 300 remote Indigenous communities that do not currently have access to a public phone
- > monitor and maintain these 300 new phones and 260 existing community phones
- > in collaboration with state and territory governments, provide public internet access facilities and delivery of computer training in up to 120 remote Indigenous communities that have limited or no public access internet facilities.

For 2008–09, approximately \$5.5 million in administered expenses were incurred under the Backing Indigenous Ability Program. Key outcomes of the program were:

- > 20 additional fixed community phones and 24 mobile satellite handsets were provided to a total of 44 remote Indigenous communities.

⁵ An amount of \$100 000 was reallocated from the Connect Australia–Mobile Connect program (Satellite Phone Subsidy Scheme) to the Community Broadcasting Foundation program.

[†] The 2008–09 Portfolio Budget Statements refers to Connect Australia which comprised Backing Indigenous Ability (now referred to as Indigenous Communications Program), Mobile Connect (now referred to as Satellite Phone Subsidy Scheme) and the Clever Networks program.

- > 260 existing phones were monitored monthly and serviced every six months to help ensure they were available when needed. On average, throughout the year, 90 per cent of all fixed community phones were operational. Of the phones found not to be operational, 44 per cent were phone handset related faults and the remaining related to phone line faults. These faults were addressed as a matter of priority.
- > Four service providers were contracted to provide additional fixed community phones and mobile satellite handsets as well as phone monitoring and maintenance services.
- > A total of 1046 people attended initial training in basic computer skills in 74 locations, with a total of 1019 people attending refresher training, also in basic computer skills, at 73 locations.
- > A total of 32 remote Indigenous communities received financial assistance for improved internet services, while 16 computers were provided to remote Indigenous communities.
- > Four Indigenous online content projects were completed within budget. These included completion of locally designed and produced websites containing cultural stories, language, radio streaming and photographs.
- > Eight communities had videoconferencing equipment installed and maintained.

For 2008–09, approximately \$300 000 in administered expenses were incurred under the Telecommunications Action Plan for Remote Indigenous Communities scheme. This was the final expenditure under the scheme.

COMMUNITY PHONES IN REMOTE INDIGENOUS COMMUNITIES

Access to a home phone or public payphone is taken for granted by the majority of Australians. Around 80 per cent of Indigenous communities with populations of less than 50, however, do not have access to a public payphone and remote Indigenous communities rarely have terrestrial mobile phone coverage. The lack of telephone communication for remote communities, especially in emergency situations, can mean the difference between life and death.

To meet this need, the Department has developed the concept of community phones for remote Indigenous communities. As at 30 June 2009, some 260 community phones (of which 20 fixed phones and 24 mobile satellite phones were provided in 2008–09) were in place. These phones are regularly checked to ensure they are working and enable maintenance to be done quickly. An operational uptime of around 90 per cent is being achieved.

These highly robust phones are a critical means of communication in remote areas. The Araru community in the Northern Territory for example, now has its own community payphone. Prior to the phone's installation, the closest public phone was 100 kilometres away.

The installation of a further 300 fixed community phones using satellite technology has begun in remote Indigenous communities with populations of less than 50, and no reasonable access to a public payphone. These phones will provide free untimed calls to emergency services, all Australian fixed-line phones and 1800 numbers, as well as free incoming calls.

Remote Indigenous communities may be provided with a fixed satellite phone or a satellite mobile phone, depending on their circumstances. For example, a satellite mobile phone may be the best option for smaller communities without buildings, and communities with transient populations. Satellite mobile phones can also be issued as an interim measure for communities where there are significant health issues, while the installation of a fixed satellite phone is being arranged.



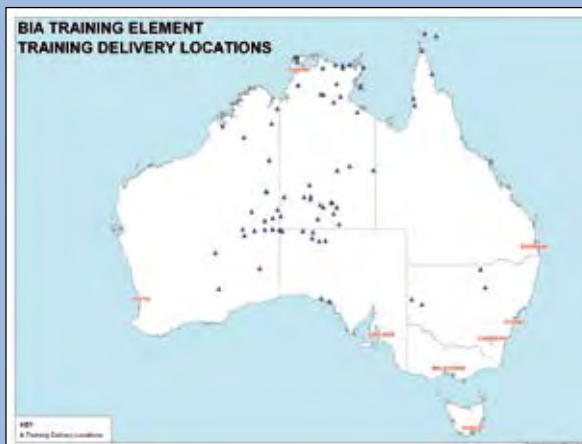
Imanpa Top Camp Community Phone

INTERNET TRAINING FOR REMOTE INDIGENOUS COMMUNITIES

Practical training in the use of computers, email and the internet was provided to remote Indigenous communities across Australia.

Trainers worked closely with communities to provide basic computer training that best met the needs of that community. Each community received an initial training session, followed by a refresher session some time later to revise skills.

In 2008–09, initial training was provided to 1046 Indigenous people in 74 remote locations and 1019 Indigenous people attended refresher training in 73 remote locations.



Backing Indigenous Ability training delivery locations in 2008–09

Participants gained skills in computer applications (including word processing, spreadsheets and presentations), email, web browsing, internet banking, taking or editing photos and videos, Google Earth and computer navigation.

Trainer reports and participant feedback indicate that participants became more confident and aware of the practical benefits of computers, including:

- > communicating with friends and families through social networking sites and email
- > looking at the latest weather forecast
- > using Google Earth to view homelands or find information to improve the success of traditional fishing expeditions
- > learning how to use video to tell traditional stories
- > setting up web pages for small businesses
- > online banking and paying bills online
- > creating 'Certificates of Authenticity' for artworks.

The Department received 976 evaluation forms from participants and feedback was overwhelmingly positive, with most written comments being along the lines of 'stay longer' and 'come more frequently'. Participants said the training was interesting (92 per cent) and that they learnt new things (89 per cent).

Australian Broadband Guarantee

The Australian Broadband Guarantee provides Australian residential and small business premises with access to metro-comparable broadband services in locations where such services are unavailable commercially. A metro-comparable broadband service is defined as any service that offers a minimum 512kbps download and 128kbps upload data speed and 3GB per month data allowance at a maximum total cost of \$2500, GST inclusive, over three years (including installation and connection fees).

The program offers financial assistance in the form of incentive payments to registered Internet Service Providers to supply metro-comparable broadband services to eligible residential and small business premises.

Registered Internet Service Providers must offer broadband service plans comparable to those commonly taken up in metropolitan areas. Under the Australian Broadband Guarantee, providers are encouraged to register additional 'added value' service plans with greater functionality, including higher data speeds and data usage allowances. From August 2008, providers have been required to register:

- > at least one 'threshold' service with minimum speeds of 512/128kbps and a minimum data usage limit of 3GB per month
- > at least one 'added value' service with minimum speeds of 1024/512/kbps and a minimum data usage limit of 5GB per month.

The Australian Bureau of Statistics Internet Activity Survey for the December 2008 quarter shows that the speed and download standards for Australian Broadband Guarantee services are broadly comparable to the most widely taken up broadband services across Australia. A significant number of broadband subscribers generally are connecting to services with speeds between 256kbps and 1500kbps (clearly trending towards higher speed services), with the average monthly data usage per subscriber being 4GB per month.

During 2008–09, the Department introduced high cost incentive payments of up to \$6000 per connection, to enable equitable broadband access in very remote and difficult-to-serve areas.

The Department commissioned ORIMA Research Pty Ltd (ORIMA) to conduct an independent survey to test the awareness of, and demand for, the Australian Broadband Guarantee program in regional, rural and remote Australia. The survey found that take-up of internet services was very strong throughout regional and remote Australia. Of these internet connections, a large majority were broadband connections.

The Australian Government has allocated \$250.8 million over the four years to 2012 to fund the Australian Broadband Guarantee. In 2008–09 the Australian Broadband Guarantee incurred administered expenses of \$84.2 million and subsidised 36 671 connections to broadband services.

Table 2.2 Australian Broadband Guarantee

Key Performance Indicator	Equitable broadband coverage through the Australian Broadband Guarantee to areas not serviced by the National Broadband Network.
2008–09 Target	Result
Multiple service providers registered offering competitive services to underserved areas.	<p>Sixteen Internet Service Providers have registered under the Australian Broadband Guarantee program.</p> <p>More than 90 per cent of eligible customers under the Australian Broadband Guarantee had access to a satellite service from 11 competing registered providers.</p> <p>The average number of internet service plans available to Australian Broadband Guarantee customers is 12.25 per provider.</p>
Services offered are comparable to metropolitan areas in Australia.	<p>The program guidelines specify minimum guaranteed service levels that all providers registered under the program are required to meet. These requirements exceed the standard defined for a metro-comparable service under the program, and the Department regularly tests providers' services to ensure they meet the specified requirements.</p> <p>On average, each provider offers 6.5 'added value' services and 91.6 per cent of registered providers' services passed independent data-speed testing against the program's standards.</p> <p>The ORIMA survey found that 81 per cent of households and 83 per cent of small businesses were satisfied with the quality of their broadband services received under the program.</p>
Consumers across rural and remote Australia are broadly aware of the Australian Broadband Guarantee services.	<p>The ORIMA survey found that 49 per cent of non-metropolitan households and 44 per cent of small businesses were broadly aware of the Australian Broadband Guarantee services.</p> <p>The Broadband Consumer Support helpline received 36 505 calls.</p> <p>The Department mailed 60 906 information packs to residential and small business customers across Australia.</p>
Take-up of services is consistent with general consumer demand for broadband.	<p>ORIMA found that about 55 per cent of non-metropolitan households had a broadband service, broadly consistent with metropolitan take-up. This level of take-up was distributed evenly across non-metropolitan areas, including remote areas.</p>

CONNECTING REMOTE COMMUNITIES TO THE WORLD

Karin Quetschke and Carston Wagner-Richelmann own the Quaakup Homestead Wilderness Retreat and provide tourist accommodation in the Fitzgerald River National Park, on the South Coast of Western Australia.

While the flora-rich national park is a beautiful place to live, it is a difficult place to run a small business due to the lack of access to modern communications facilities. The closest town is Albany almost 200 kilometres away. There are no power lines and the Retreat had been relying on radio phone and dial-up internet for communications. Running the business became less difficult when Karin picked up a flyer about the Australian Broadband Guarantee program from a registered internet service provider.



Karin Quetschke using broadband subsidised by the Australian Broadband Guarantee

Karin says having broadband, subsidised by the Australian Broadband Guarantee, has significantly improved their lives and business. 'With dial-up a simple online bank transfer could take 45 minutes—now with broadband it takes five.'

Broadband also means the Retreat can improve its business. The owners have been able to develop their website, and use the technology to research and provide information for visitors about the region, its wildlife and flora.

SUPPORTING INNOVATIVE DELIVERY OF ONLINE SERVICES

Through programs such as the National ICT Centre of Excellence, Clever Networks and the Digital Regions Initiative, the Department is strengthening Australia's capacity to fully exploit the digital economy. These programs invest in the development and deployment of innovative communication technologies and broadband enabled applications.

National ICT Australia Limited (NICTA)

The ICT Centre of Excellence Program funds National ICT Australia Limited (NICTA) which is a major information and communications technology (ICT) research, training and commercialisation institution. It involves the cooperation of four state and territory governments and seven universities. With five research laboratories, more than 250 research staff and 300 supported PhD students, NICTA is a key contributor to Australia's ICT and digital economy capabilities in areas such as transport, broadband, safety and security, the environment, water management and health.

The Department and the Australian Research Council (ARC), which jointly fund the program, undertook an independent review of NICTA in 2008–09. This review found that NICTA is a national asset and a key component of Australia's innovation infrastructure that has a growing international reputation for world-class research and commercialisation. The creation of start-up companies by NICTA has generated more than 60 new jobs in Australia so far. NICTA also collaborates in research with a number of ICT multinationals and Australian small-to-medium enterprises.

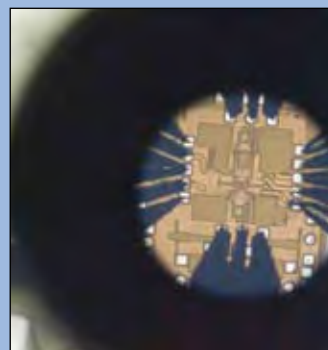
In 2008–09 a total of \$52.3 million, of which \$27.3 million provided by the Department and \$24.9 million provided by the ARC, was expended in supporting NICTA's outcomes including: accelerating research into the bionic eye; demonstrations of ultra-high speed wireless chip technology, and working with international research programs to advance test beds for new technologies relating to large networks such as the internet.

NICTA's funding has been extended for a further four years to 2014–15 with new funding of \$185.5 million announced in the 2009–10 Budget (jointly between the Department and the ARC).

NATIONAL ICT AUSTRALIA (NICTA)

NICTA's research addresses national priorities such as security, transport, the environment, broadband, water management, health, and local industry development. Current key projects being undertaken in NICTA include:

- > **Bionic Eye**—NICTA is working with the University of Melbourne, the University of New South Wales, the Bionic Ear Institute and the Centre for Eye Research Australia to ensure Australia is at the forefront of bionic eye development and subsequent commercialisation. NICTA is developing microscopic high resolution vision technology and miniature ultra-low power wireless technology that is critical to developing a viable implant that reduces potential complications and trauma for the patient. While overseas researchers have developed prototype bionic eyes, these are limited to low resolution vision that limits the implant's viability.
- > **Water Information Networks**—Water supply infrastructure has remained largely unchanged over the last century leading to inefficiencies in storage, supply and use. NICTA is applying its expertise to bring water management for agriculture into the 21st century. Working with the Victorian Government, NICTA has undertaken real-world trials which have achieved productivity improvements of up to 38 per cent in dairy farms and 74 per cent in horticultural farms.
- > **Smart Transport and Roads**—NICTA is contributing to reduced traffic congestion in Sydney through improved traffic control software and more intelligent sensor networks. In collaboration with the New South Wales Roads and Traffic Authority (RTA), NICTA is undertaking a trial at the intersection of the Illawarra and Princes highways which is expected to lead to significant improvements in traffic flow during peak times. With the RTA system in use in more than 25 countries these enhanced technologies will have significant export potential.



Miniature wireless technology used in the bionic eye



Remote agricultural water management



Traffic control software reducing traffic congestion

HEALTH BENEFITS PROVIDED THROUGH ONLINE NETWORKS

Many young Australians live with a serious illness, chronic health condition or disability. Through the Clever Networks program, the Starlight Children's Foundation has created *Livewire* to help these young people feel a little less isolated.

Livewire is not just a social networking website. It is a highly protected and moderated safe forum managed by specially trained professionals and selected experts who offer much needed peer and social support to its users. 'Livewire Chat Hosts' run many of the online activities, providing informative and exciting content everyday, while keeping the online environment safe and secure. The Australian Federal Police also assist with online security.

In addition to getting important medical and health information, young people can also write and read blogs and articles, listen to music, watch videos, play games, chat to others who are in a similar situation to themselves and take part in online interactive events.

The project has also provided *Livewire on Wheels*, bringing a hospital bedside unit complete with computer to those unable to get up and about.

The Australian Government through its Clever Networks program has provided \$7.2 million to the *Livewire* project.



Homepage of the *Livewire* website

Digital Regions Initiative

As part of its response package to the Regional Telecommunications Review, the Government announced the \$46 million Digital Regions Initiative. An additional \$14 million, as part of the Government's Rural and Regional Broadband Network initiative, was allocated in the 2009–10 Budget to boost the funding to \$60 million over four years. Through the Digital Regions Initiative the Australian Government will partner with state, territory and local governments to fund innovative digital enablement projects supporting improved education, health and emergency services in regional areas.

Projects will be selected through a competitive selection process. Draft program guidelines were released for comment on 15 June 2009 and expressions of interest will be invited in the second half of 2009 with projects expected to commence in early 2010.

Clever Networks

The objective of the \$118.6 million Clever Networks⁶ program is to fund innovative broadband applications and leverage investment in broadband infrastructure to improve service delivery in regional, rural and remote communities.

The program funded 52 projects nationally, comprising three distinct elements:

- > The **Innovative Services Delivery** element of the program co-funded 26 projects that apply broadband technologies and applications to improve service delivery in health (14 projects), education (six projects), government and community (four projects) and emergency services (two projects).
- > The **Broadband Development** element funded a national network of six Broadband Project Managers (one for each state) and co-funded 16 Broadband Project Officers to work within designated regions to enhance the understanding, access and use of broadband.
- > The **Building on Broadband** element was included in May 2008 to fund the expansion of four existing projects into other jurisdictions or sectors from unallocated program funds.

Clever Networks expended \$38.4 million across all elements of the program in 2008–09.

The Clever Networks program continues to assist Australia's transition to a digital economy. The program's 52 projects remain on track to be completed in 2009–10. In 2008–09, five projects were launched:

- > *Livewire* is a secure online interactive networking and information platform that supports young Australians with a serious or chronic illness or disability. The first of its major elements was launched on 27 November 2008 aiming to have 20 000 members using the service by December 2009 (see case study).

6 The 2008–09 PBS refers to Connect Australia which comprised Backing Indigenous Ability (now referred to as Indigenous Communications Program), Satellite Phone Subsidy Scheme and the Clever Networks program.

- > Loddon Mallee Virtual Trauma Care Unit project was launched on 23 March 2009 and is nearing completion with sites in Bendigo, Echuca, Mildura and Swan Hill connected to the Loddon Mallee Health Alliance network and to the Alfred, Austin, St Vincent's and Royal Children's Hospitals in Melbourne. This new network aims to reduce the number of unnecessary patient transfers by 25 per cent.
- > Connecting Victorian Rural Independent Schools was launched on 20 August 2008. It is a virtual private network powered by broadband that enables remote learning and provides a wealth of education resources to 90 independent schools in rural Victoria.
- > Connecting the Coast, a combination of the Cooroy Knowledge Precinct Project and the Maroochy Project, was launched on 31 October 2008. As a result of this project, new broadband services are now available to 4000 secondary school students, universities, 33 000 local businesses, and half the Sunshine Coast population.
- > The Broadband Development Network of six managers and 16 project officers continue to promote awareness of better practice of broadband use within the government, community and business sectors. The network is also playing a facilitating role, improving market outcomes for people in under-served regional areas.

Figure 2.3 Clever Networks—Innovative services delivery projects (by sector and percentage of funding) 2008–09

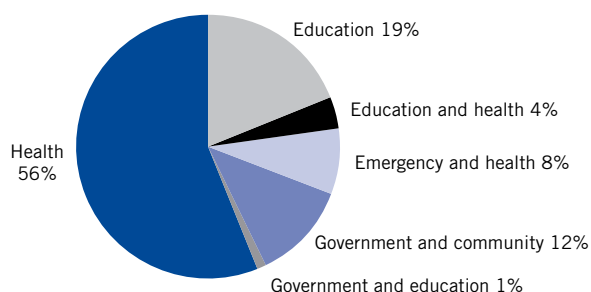
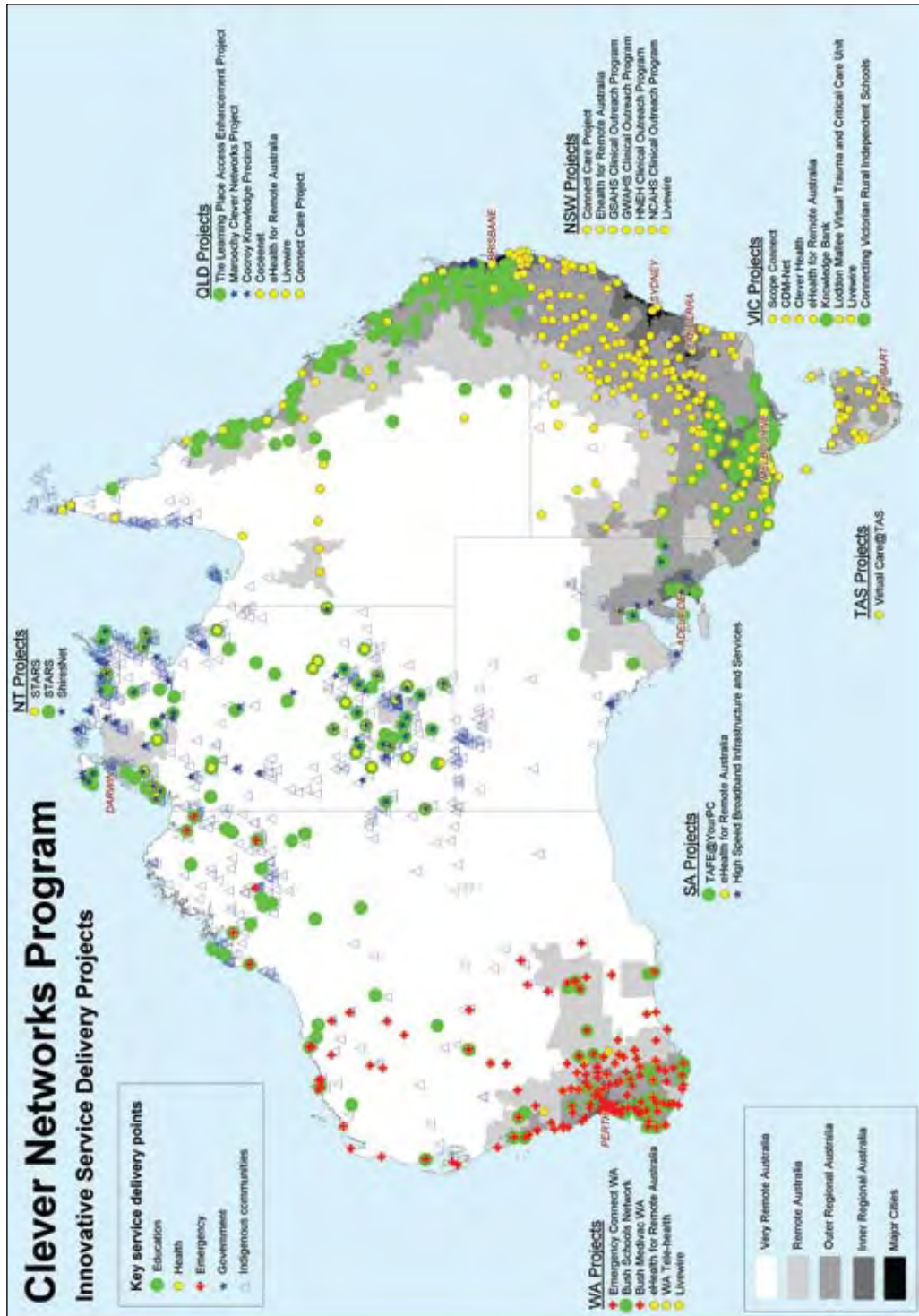


Figure 2.4 Geographical spread of the Clever Networks program innovative services delivery projects



FAST AND ACCURATE EMERGENCY COMMUNICATIONS

Emergency Connect is an innovative use of satellite broadband technology that improves response times for emergency services.

The project is a first for Australia, connecting government, private sector, community and volunteer emergency services to one integrated communications system.

Project partners include St John Ambulance, the Royal Flying Doctor Service, Surf Life Saving Western Australia, the Western Australia Fire and Emergency Service Authority, the Western Australia Department of Environment and Conservation and the Western Australia Police.

A central emergency management centre accesses the existing data systems of each of these project partners to allow more efficient coordination of emergency services and response capabilities. This means that in any emergency such as a bushfire, accident, medical emergency, an oil spill or flood, information is provided quickly and is shared with everyone needing to assist in the response.

Using fixed and portable satellite services via Internet Protocol, the system provides access to real-time information on weather conditions, geospatial data and necessary photographic images to make faster and more accurate decisions.

Emergency Connect is providing broadband connectivity for 193 base stations, involving up to 8000 emergency services employees and 42 000 community volunteers.

The Australian Government through the Clever Networks program has provided \$5 million for Emergency Connect.



CONSUMER REPRESENTATION AND PROTECTION

While online services and associated technologies have been of enormous benefit to Australians, they have also raised new issues of concern. These include:

- > a rising level of complaints to the Telecommunications Industry Ombudsman reflecting both unsatisfactory services to consumers as well as incomplete consumer understanding of the details of the services they may have (sometimes inadvertently) contracted to purchase
- > cyber-safety risks to children such as cyber-bullying, 'grooming' of children, privacy, exposure to inappropriate content and internet addiction
- > e-security risks to home users and small businesses.

Consumer complaints

In its 2007–08 annual report, the Telecommunications Industry Ombudsman reported a 41.6 per cent increase in consumer complaints from the previous year. Furthermore, the increase in consumer complaints was across all complaint categories.

Of particular concern has been the sharp increase in complaints relating to 'customer service', which has now overtaken 'billing' as the leading complaint issue for consumers following a 94.2 per cent increase in complaints from the previous year.

The increasing level of complaints to the Telecommunications Industry Ombudsman is a clear indicator of the need for improvement in the service provider/consumer interface.

The Government has made it clear that industry needs to do more in order to restore consumer confidence in the telecommunications sector, including through industry-driven initiatives.

The Department is implementing the Government's commitment through the following strategies:

- > support for effective consumer representation and research
- > reviewing the telecommunications regulatory regime to ensure it is efficient and responsive to consumer concerns
- > working closely with industry to foster industry-driven solutions to specific consumer issues
- > supporting consumers to opt-out of receiving telemarketing calls.

The Department also participated in major meetings of the International Telecommunication Union to progress a broad range of issues related to telecommunications. In particular, the Department's participation in the World Policy Forum supported fair and reasonable telecommunications charging arrangements for consumers and businesses.

Support for effective consumer representation and research

Section 593 of the *Telecommunications Act 1997* empowers the Minister for Broadband, Communications and the Digital Economy to make grants of financial assistance to consumer bodies for telecommunications representation activities and research.

Following the Telecommunications Consumer Representation Stakeholder Forum on 1 May 2008, a working group comprising representatives of a range of interested consumer organisations was established to assist in the development of a new telecommunications consumer peak body independent of industry and government. The Department liaised closely with the working group during June and July 2008. The Consumers' Telecommunications Network (CTN) received an \$87 000 grant to assist in conducting this work.

The working group presented its recommendations to the Minister on 1 August 2008.

In December 2008, the Minister announced a \$700 000⁷ grant to the new peak body, the Australian Communications Consumer Action Network (ACCAN), for establishment, recruitment, legal and research activities. In April 2009, Mr Allan Asher was appointed as ACCAN's Chief Executive Officer and Ms Teresa Corbin was appointed as Deputy Chief Executive Officer.

ACCAN is responsible for advocating robust, evidence-based consumer policy positions to government and industry. It will develop its positions through Expert Advisory Committees comprising interested consumer groups that will examine emerging issues in depth and conduct research. It will administer a grants scheme for research projects on topical communications issues. ACCAN will also provide information to help consumers to make informed product and service choices, and pursue their rights when service providers do not provide appropriate standards of service.

The Government has allocated ongoing funding of \$2 million (indexed) to the Consumer Representation Grants Program under section 593 of the Telecommunications Act. ACCAN will receive support from that program.

⁷ Funding of \$700 000 in 2008–09 has been reallocated from Connect Australia to the Telecommunications Consumer Representation and Research administered item for the establishment of ACCAN.

SIGNPOSTS FOR CHANGE: PEOPLE WITH DISABILITIES AND TELECOMMUNICATIONS FORUM

Australians increasingly rely on telecommunications services to participate in the modern world. To effectively access telecommunications services, people with disabilities often face additional challenges to those confronted by other Australians. As new technologies emerge, it is vital that the needs of people with disabilities continue to be addressed.

On 16 February 2009, the Department, in collaboration with the Telecommunications Disability Consumer Representation (TEDICORE), hosted the *Signposts for Change: People with Disabilities and Telecommunications Forum* in Melbourne.

The forum was attended by stakeholders from disability and consumer bodies, industry, health professionals and other government departments. Stakeholders discussed issues and potential solutions relating to the accessibility, affordability and availability of telecommunications products and services for people with disabilities.

The Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy and the Parliamentary Secretary for Disabilities and Children's Services, the Hon Bill Shorten MP, addressed the forum. The forum also showcased new telecommunications equipment that could potentially benefit people with disabilities.

A significant challenge for the Department in organising the forum was the need to accommodate a diverse range of accessibility requirements including wheelchair access, Auslan interpreting, live captioning, materials provided in accessible formats, access for the blind, and hearing loops.

The key outcome of the forum was the Minister's announcement of a feasibility study into a disability equipment program independent of carriers. The study, which is due to report to the Minister by December 2009, will assess the estimated demand for specialised equipment over the next 10 years; what eligibility criteria could apply; what should be included in the program as well as operational models and costs; and funding options. A related discussion paper was released at the Australian Telecommunications Users Group (ATUG) conference on Friday, 13 March 2009.

Table 2.3 Telecommunications consumer representation and research

Key Performance Indicator	Consumer representation in policy decisions is encouraged.
2008–09 Target	Result
Progress opportunities for enhanced consumer representation.	During 2008–09 the program assisted 17 consumer representation organisations' input to government and industry processes. ACCAN was established to coordinate and strengthen consumer representation in policy making and industry initiatives.

Three research projects from previous financial years' funding rounds were completed during the 2008–09 financial year:

- > Griffith University—'Telco fees and charges—trends and implications for consumers'
- > La Trobe University—'Assessing the current and potential role of broadband infrastructure and access in community strengthening of drought-affected small towns and communities'
- > Griffith University—'The impact of high-speed broadband developments on youth consumption of internet (online) interactive services and consumer wellbeing'.

Two reports arising from projects completed by Novita Children's Services Inc in previous years were published on the Department's website in 2008–09. These reports, dealing with aspects of telecommunications for older people and those with a disability, have been used as source material for further work by the Department in developing policy.

BROADBAND HELPS TO SUPPORT DROUGHT-AFFECTED RURAL COMMUNITIES

Telecommunications Research Grants fund research into the implications of telecommunications developments, in order to increase public knowledge and stimulate debate. La Trobe University, Bendigo campus, received a grant to undertake a project investigating the role of broadband in strengthening resilience in drought-affected small towns and communities.

The research for this project involved surveys, focus groups and interviews with residents in five drought-affected regional towns in Victoria, NSW and Queensland.

One of the communities studied was Charlton in Victoria. Charlton has about 1000 residents, a quarter of whom had broadband. Farms in the Charlton community have experienced harsh drought conditions over several years.

Research conducted in Charlton shows its residents use broadband for community purposes including the development of a community website. The website will be used to attract visitors to Charlton and provide information to residents. Many residents surveyed were aware of and enthusiastic about the website project.

Charlton College, servicing students from preschool to year 12, makes use of broadband to link classes across the region with videoconferencing and for inter-school projects. Local businesses use broadband to trade outside Charlton and for marketing. One business has won awards after accessing business coaching through broadband.

Broadband also provides community members with improved access to information about funding sources including grants for community groups. One member of the several focus groups conducted for this research project is quoted as having obtained more than \$100 000 in grants over three years from programs discovered online. Without broadband internet, she would not have found them.

Charlton is just one example of how broadband helps hold communities together and supports economic and social development, particularly in difficult circumstances such as drought.

Review of the telecommunications regulatory regime

The telecommunications co-regulatory regime allows for industry bodies or associations to develop telecommunications industry codes. Over recent years, criticisms have been made that the system of code development and associated processes, including monitoring, review and enforcement, is not operating effectively, in particular, with regard to consumer-related codes.

On 31 March 2009, the Minister announced a review of the processes associated with the development of consumer-related industry codes, as specified under Part 6 of the Telecommunications Act. An issues paper was released to solicit views from all interested parties including industry and consumer representative groups. Submissions for this review closed on 15 May 2009.

Fostering effective industry-driven solutions to consumer issues

The Department continues to work closely with industry, consumer groups and the Telecommunications Industry Ombudsman to ensure industry-driven solutions to consumer issues are effective. In 2008–09, the Department supported the development of the new Mobile Premium Services Code, the Telecommunications Industry Ombudsman's *connect.resolve* campaign and efforts by the Communications Alliance to improve customer service.

Mobile premium services

Despite the establishment of the Mobile Premium Services Industry Scheme (MPSIS) in October 2006, mobile premium services continue to be a growing source of consumer complaint to the Telecommunications Industry Ombudsman, the Australian Competition and Consumer Commission and the Minister. Following a review of the MPSIS, which commenced in October 2007, industry announced in 2008 it would develop an industry code under Part 6 of the Telecommunications Act to provide improved protections for consumers.

The Department played a strong supporting role in working with industry and consumer groups to develop options to help the code development process come to a successful conclusion. The new *Mobile Premium Services Code* came into effect on 1 July 2009. It includes enhanced provisions that aim to provide greater protection for consumers such as improved complaint handling procedures, advertising requirements, and greater clarity for the consumer during subscription processes.

Customer service

In the first six months of 2009, the Telecommunications Industry Ombudsman conducted the *connect.resolve* campaign aimed at encouraging industry to improve its performance in relation to customer service issues. The Minister launched the campaign in November 2008 and released the campaign's final report in August 2009.

The Minister also supported the decision by the industry body, Communications Alliance, to hold a customer service summit in August 2009, which brought together key stakeholders to share ideas and strategies to improve customer service outcomes for consumers.

The Department continues to work closely with the Telecommunications Industry Ombudsman and Communications Alliance on customer service issues and will continue to provide advice to the Government which builds on the outcomes of the *connect.resolve* campaign and draws on the key findings of the customer service summit.

Supporting customers to opt-out of receiving telemarketing calls

The Do Not Call Register⁸ (the Register) enables Australians to opt-out of receiving unsolicited telemarketing calls by listing their fixed line and mobile telephone numbers in the Register.

In August 2008, the Department released a discussion paper seeking community views on whether the eligibility requirements of the Register should be expanded to allow the registration of all telephone and fax numbers.

In response to the discussion paper, as part of the 2009–10 Budget, the Government announced funding of \$4.7 million over four years to expand the Register to allow the registration of all telephone and fax numbers, including the numbers used by businesses and emergency service operators.

8 The Do Not Call Register is administered by the Australian Communications and Media Authority

INTERNATIONAL MOBILE ROAMING

Australians travelling overseas are increasingly making use of their mobile phones, particularly to call home, via 'roamed calls'. International mobile roaming is an efficient way for travellers to communicate in a foreign country at their own convenience using their own number.

However, the high costs of roaming services have contributed to many instances of 'bill shock' when consumers receive an unexpectedly large bill after returning from their overseas travel. Complaints about mobile roaming costs have been made to the Telecommunications Industry Ombudsman and consumer representative groups such as the Australian Telecommunications Users Group and the Consumer Telecommunications Network. In response to this, the Department has been examining ways in which these high costs associated with mobile roaming could be reduced and to enable consumers to be more aware of the costs to avoid 'bill shock'.

In March 2008, the Department engaged consultants KPMG to investigate international roaming charges. The report identified issues such as high retail margins, a lack of clear, easy to understand consumer information and limited market incentives for roaming prices to decrease.

The House of Representatives Standing Committee on Communications, announced a Parliamentary Inquiry into international mobile roaming on 19 June 2008. Departmental officers appeared at the first of several hearings held by the Committee. The Committee tabled their report *Phoning Home* on 19 March 2009.

The KPMG and *Phoning Home* reports identified a number of possible substitutes to mobile roaming including international calling cards, hotel telephones and Voice over Internet Protocol (VoIP). They both concluded that these were not perfect substitutes.

Alongside these domestic activities, the Department has also been building cooperation on roaming issues through multilateral meetings, including the Asia-Pacific Economic Cooperation Telecommunications Working Group (APEC TEL), the Organisation for Economic Cooperation and Development (OECD), and the International Telecommunication Union (ITU). The Department has initiated and participated in several studies and workshops to address the high costs of mobile roaming in these fora, including coordinating a survey of APEC TEL members.

Although there are still many challenges involved, the Department's activities are helping to raise awareness and build coalitions of support with like-minded countries to put increased pressure on carriers to reduce roaming charges.

Account

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Mobile

			Excl. GST	Incl. GST
Call & Usage Charges				
National Direct	to 26 May	22 calls	4.57	5.03
Mobile Originated SMS	to 26 May	12 calls	2.23	2.45
International Direct	to 26 May	1 call	6.65	7.31
International Direct - SMS	to 26 May	28 calls	8.63	9.50
Calls made O/S (GST Free)	to 26 May	8 calls	48.76	48.76
Calls made O/S -data(GST Free)	to 26 May	17 calls	83.93	83.93
Calls made O/S -SMS (GST Free)	to 26 May	20 calls	11.87	11.87
Calls received O/S (GST Free)	to 26 May	3 calls	16.98	16.98
O/S airtime fee (GST Free)	to 26 May	3 calls	9.21	9.21
Call Diversion charges	to 26 May	20 calls	1.55	1.70
Service calls	to 26 May	1 call	0.00	0.00
MobileNet MessageBank	to 26 May	10 calls	2.67	2.94
Mobile WAP/Internet Sessions	to 26 May	45 sessions	0.00	0.00
Govt Flexiplan Call Allowance	29 Apr to 26 May		4.19cr	4.19cr
Flexi-Plan Call Allowance	27 Apr to 28 Apr		0.66cr	0.73cr
Total call charges			\$ 192.20	\$ 194.76

Extract of a mobile phone bill with mobile roaming charges highlighted

Cyber-safety

During 2008–09, the Department continued to work with relevant agencies including ACMA and the Australian Federal Police (AFP) to deliver the Australian Government's \$125.8 million Cyber-Safety Plan. The Plan consists of a comprehensive range of cyber-safety measures to combat online threats and help parents and educators protect children from inappropriate material on the internet. These measures encompass education, international cooperation, research, law enforcement and internet service provider (ISP) filtering. A Consultative Working Group (CWG) and Youth Advisory Group on cyber-safety are also part of the Plan.


The CWG is made up of members from the community, industry, business and government. It was established to provide cyber-safety advice to the Government on priorities for action by government and industry. In its first year, the CWG considered a range of cyber-safety issues and provided advice on, among other things, commissioned research projects and the establishment of the Youth Advisory Group. The CWG's program of work for the next 12 months will concentrate on the cyber-safety issues of cyber-bullying, contact (for example grooming), privacy and exposure to inappropriate content. The Department provides secretariat support for the CWG which met four times in 2008–09. The Group will continue to fulfil an important role in providing advice to Government on cyber-safety issues.

The CWG also advised on suitable research projects to be funded under the Cyber-Safety Plan. Two research projects have been initiated to date. The first, a review of cyber-safety research, was undertaken by Edith Cowan University following an open tender process. The review provided valuable information on current trends in relation to cyber-safety.

The second research project involves the development of a repeatable survey instrument and methodology for data collection over time on cyber-safety and e-security issues, solutions and priorities for action. The data collected will cover matters relating to Australian children and will allow the measurement of changes in behaviour. The Government commenced an open tender process for this project in May 2009. The first survey is expected to be completed in 2009–10.

The Youth Advisory Group was launched by the Minister on 4 May 2009, to provide advice to Government on cyber-safety from the perspective of young people. Advice from the Youth Advisory Group will assist the Government to develop programs and policies that are relevant to the experience of young people. The Department performs a secretariat role for the group and also manages the Youth Advisory Group online forum.

Measures to inform young Australians about how to stay safe online are a critical part of the Cyber-Safety Plan. ACMA is implementing a comprehensive range of education and school 'outreach' activities including the professional development of school teachers. Funding has been provided for a new cyber-safety website—www.cybersmart.gov.au—to provide parents, students and other key stakeholders with up-to-date cyber-safety advice, information and resources. The website was launched in July 2009.



A national helpline (1800 880 176) and a website www.netalert.gov.au established in August 2007, continued to provide advice about protecting children online and access to technical support for existing National Filter Scheme PC filter users. Responsibility for the management of the helpline was transferred from the Department to ACMA in October 2008. Online safety information is now contained on the new www.cybersmart.gov.au website.

Internet service provider filtering is a further component of the Cyber-Safety Plan. The Department undertook a live pilot to test ISP filtering solutions, with the cooperation of ISPs and their customers. The pilot is testing potential impacts of filtering solutions on internet speeds, accuracy, circumvention and costs and sought customer views.

Administered expenses of \$3.4 million were incurred on the Department's cyber-safety activities in 2008–09, including provision of free PC filters, running of the ISP filtering pilot, and implementation and management of the Youth Advisory Group on cyber-safety.

YOUTH ADVISORY GROUP

The Government's Cyber-Safety Plan contains a range of measures to combat online risks and help parents and educators protect children from inappropriate material. One of these is the Youth Advisory Group.

The Youth Advisory Group is a new and innovative way of drawing young Australians into the debate on cyber-safety, so that the Government can ensure its Cyber-safety Plan takes into account the ideas and experiences of the very people it is intended to support.

In setting up the group, the Department considered how best to provide an environment that encouraged contributions by children. The Department formed the view that taking advantage of the group's familiarity and comfort with online communities would be effective.

The result was y@g online—a secure online discussion forum which provides a safe and friendly environment for the group's members to discuss online safety and other topics. The site is restricted to members, and overseen by trained moderators, to ensure their safety, but members are given considerable freedom within the forum to explore issues of interest.

The group has some 300 members aged between 11 and 17 years, drawn from 15 secondary schools across Australia.



Launch of the Youth Advisory Group at Caroline Springs College in Victoria

The 15 schools are: Telopea Park School (Barton, ACT), Redcliffe State High School (Redcliffe, QLD), St Joseph's College, "Terrace" (Brisbane, QLD), Ipswich Girls Grammar School (East Ipswich, QLD), Ascham School (Edgecliff, NSW), Cabramatta High School (Cabramatta, NSW), Monaro High School (Cooma, NSW), Caroline Springs College (Caroline Springs, VIC), St Bede's College (Mentone, VIC), Wonthaggi Secondary College (Wonthaggi, VIC), Rose Bay High School (Lindisfarne, TAS), The Heights School (Modbury Heights, SA), Sanderson Middle School (Malak, NT), Narembeen District High School (Narembeen, WA) and John XXIII College (Mount Claremont, WA).

In addition to the y@g online site, face-to-face meetings were held at the participating schools with group members, during which trained facilitators discussed cyber-safety issues. A handful of members met the Minister and the Consultative Working Group on cyber-safety, to pass on the views of the wider group.

Caroline Springs College in Melbourne hosted the official launch of the Youth Advisory Group on 4 May 2009. The Minister was in attendance along with the Mayor of Melton Shire, Councillor Renata Cugliari, members of the Government's cyber-safety Consultative Working Group, teachers, staff, parents and the 23 Youth Advisory Group members from Caroline Springs College.

E-security

Australians are increasingly using the internet in their everyday lives—from doing their banking and shopping or running a business online, to communicating with family and friends via email, chat-rooms and social networking sites. With increased use of the internet comes increased exposure to e-security risks such as malicious software leading to theft of personal, financial or business information.

The Department is responsible for implementing a package of e-security awareness raising initiatives targeted at home users, students and small businesses to help them adopt secure online practices and be aware of the simple steps they need to take to remain secure online. Given the integrated nature of the online environment this will also enhance the protection of government networks and critical national infrastructure against online threats.

E-security is a dynamic, constantly changing area and raising awareness and protecting users against online threats is an ongoing and increasingly important task. The Department's initiatives are aimed at increasing Australians' trust and confidence in the online environment, enabling them and Australia to take full advantage of the benefits offered by the digital economy. Activities undertaken during 2008–09 included:

- > The annual National E-security Awareness Week which was held from 5 to 12 June 2009. During the week, more than 45 industry, community and state and territory government partners held more than 70 events around Australia. E-security messages promoted during the week included asking people to change their password regularly and not clicking on links or attachments from unknown sources. More than 170 media articles appeared in print, TV, radio and online about the initiative. These articles reached a total potential audience of more than four million Australians.
- > The E-security Education Package—a free, online interactive self-learning package for year 3 and year 9 students was launched on 5 June 2009. The Package is available on the Government's E-security website, www.staysmartonline.gov.au or via CD-ROM.
- > The Stay Smart Online website which provides information on the simple steps that Australians can take to be secure and confident online was enhanced. The website received more than 8.6 million hits during 2008–09. The website includes a regularly updated plain English Alert Service, which provides information on the latest e-security threats and vulnerabilities.

Administered expenses of \$1.2 million were incurred on the E-security program in 2008–09.

Internationally, the Department has been successful in extending the Asia–Pacific Economic Co-operation (APEC) e-security agenda to the wider region. Australia organised APEC workshops and publications on e-security awareness and other matters.

The Department also played a strong role within the OECD through its chairmanship of the OECD's Working Party on Information Security and Privacy

(WPISP) which produced workshops and reports on e-security threats in areas such as identity theft, malware and sensor networks. The WPISP also conducted collaborative projects with APEC TEL on malware and the protection of children online.

The Department administers Australia's membership of the Asia-Pacific Telecommunity (APT) and the associated member state contribution. The APT provides a forum for Australia to build e-security awareness and capacity within the Asia-Pacific region and in 2008-09, the Department contributed to international discussions, agreements and services on e-security, including anti-spam legislation activities.

An amount of \$300 000 was appropriated for membership of the APT in 2008-09 under the International Organisations Contributions item of our Budget papers. In December 2008, the Department paid \$63 419, representing Australia's annual commitment to the operation of the APT. The remaining funds were paid to the APT as an Extra Budgetary Contribution to assist with targeted capacity building exercises in key Asia-Pacific states, with a focus on Pacific Island countries.

Emergency services

In July 2008, the Council of Australian Governments agreed that a nationally consistent emergency warning system should be developed as a matter of priority. Following proposals developed by the Attorney-General in consultation with state and territory governments, amendments were made to the Telecommunications Act to allow information contained in the Integrated Public Number Database to be disclosed to authorised emergency management persons for use in telephony-based emergency warnings. The *Telecommunications Amendment (Integrated Public Number Database) Act 2009* received Royal Assent on 26 March 2009. The Attorney-General's Department is now assisting state and territory governments to implement a national telephone-based emergency warning system.

POSTAL SERVICES

The Department has a shareholder role in Australia Post, which is a fully Government-owned Business Enterprise. It shares this role jointly with the Department of Finance and Deregulation. During the year, the Department provided advice to the Minister on corporate and governance issues for Australia Post such as the price increase of stamps in September 2008, appointment of directors to the Board, the corporate plan and the ongoing financial and non-financial performance of the enterprise.

E-SECURITY EDUCATION PACKAGE

Empowering Australian primary and secondary school students to acquire the knowledge and skills required to become secure online users is an important element of the Government's e-security awareness raising activities.

In June 2009, the Minister launched the e-security education package which is designed to raise the level of e-security awareness of Australian school students and to help them adopt smart online practices.

Teachers and students from around Australia were involved in the development of the package. It was pilot-tested in selected schools throughout Australia in early 2009. Teachers and students found the package to be fun, as well as an effective educational tool.

The Package is free and consists of:

- > two modules with learning based activities for students
- > a guide and resources for teachers and educators to incorporate the module in their curriculum
- > simple instructions on how to use and access the modules online
- > a DVD that introduces the benefits of using the modules.

The Package can be accessed on the Government's staysmartonline.gov.au website.



BROADCASTING AND DIGITAL SWITCHOVER

The Broadcasting and Digital Switchover group and program supports access to high-quality and diverse broadcasting services that deliver content consistent with community expectations and needs through:

- > coordinating the switchover to digital television through the Digital Switchover Taskforce, with the switchover completed by the end of 2013
- > providing advice on ABC and SBS funding matters including triennial funding and assisting in the processes of ABC and SBS board appointments
- > provision of advice on the broadcasting regulatory environment, including the operation of media ownership laws, broadcasting content issues, anti-siphoning and captioning
- > administering initiatives to improve television reception and support community, regional and remote broadcasters.

TRANSITION TO DIGITAL TELEVISION

The switchover to digital television offers benefits to viewers such as improved picture and sound quality and greater program choice. The 'digital dividend' of spectrum freed-up by switching off the analog transmission network can also be made available for alternate uses such as new mobile services, additional television services and wireless broadband services.

In December 2007, the Minister confirmed the Government's commitment to complete the switchover to digital television by the end of 2013 and established the Digital Switchover Taskforce within the Department. The Minister subsequently announced, on 19 October 2008, the digital television switchover timetable which adopts a region-by-region approach to switchover. As at 30 June 2009, 93 per cent of Australian households have heard of the Government's plan to switch Australia over to digital television, however less than one per cent knew when the analog television signal will be switched off in their area.

To receive digital television, households will need to attach a digital set top box or digital television recorder to their existing analog receiver or purchase a television with an integrated digital receiver. Free-to-air digital television services are also available as part of some subscription television packages. Digital services are now available to the majority of Australian households and, as at 30 June 2009, 53 per cent of Australian households had converted to free-to-air digital television broadcasts. Of those households that have digital television, 82 per cent are satisfied with digital television.

Additional funding of almost \$140 million over three years was announced in the 2009–10 Budget for core digital switchover activities to be undertaken in regional South Australia, Victoria and Queensland including in-home assistance, information campaigns and working with industry.

Administered expenses of \$7.3 million were incurred on digital switchover activities in 2008–09. Departmental expenditure on the digital tracker and research into multi-dwelling units totalled \$1 million.

Table 2.4 Digital Switchover

Key Performance Indicator	Complete the region by region transition to digital-only television by the end of December 2013.
2008–09 Target	2008–09 Result
Develop a digital switchover timetable and strategy.	A region-by-region digital switchover timetable was developed in consultation with industry and announced by the Minister on 19 October 2008. Legislation has been enacted to enable a phased approach to analog switch-off.
Launch a labelling information campaign to raise community awareness.	On 30 March 2009, the Minister launched a campaign designed to raise awareness of the switchover to digital television. A key element was a labelling scheme to inform consumers about digital ready television equipment. As at 30 June 2009, 23 suppliers and retailers had signed up to the labelling scheme.
Assist ACMA to undertake technical surveys of digital television and transmission.	The Department has worked with ACMA in determining priorities and the content of field survey measurements which resulted in a recent study undertaken for the Mildura/Sunraysia television licence area.
Commission an evaluation of reception difficulties in multi-unit dwellings.	On 24 September 2008, the Minister announced a \$1 million technical survey to address the special digital TV reception issues in multiple-dwelling units. Site inspections are complete in Canberra, Sydney, Melbourne, Perth and the Gold Coast. The research project will be finalised in December 2009 and outcomes are expected to be made public by March 2010.
Establish the Digital Tracker quarterly surveys.	<p>On 24 September 2008, the Minister announced a \$4.8 million contract for Newspoll to launch the Digital Tracker research program. The program will report quarterly on regional switchover trends.</p> <p>The research will measure and report on six summary indicators: awareness of switchover, understanding, attitudes to switchover, intentions to convert, actual conversion to digital, and satisfaction with digital television.</p> <p>The first quarterly report of the Digital Tracker was released in May 2009.</p>

'GET READY FOR DIGITAL TV' ADVERTISING CAMPAIGN AND CONFERENCE

The Get Ready for Digital TV campaign was launched by the Minister in March 2009 at the Get Ready for Digital TV conference in Sydney.

The first phase of this national advertising campaign, which is managed by the Digital Switchover Taskforce within the Department, involved television and radio advertisements to encourage widespread understanding of what's required for switchover.

This conference was the first of its kind in Australia, creating a rare opportunity for around 300 participants including broadcasters, industry bodies, retailers, manufacturers and international speakers to openly discuss the issues surrounding the switchover to digital TV and to have the opportunity to learn from the experience of other countries.

Keynote speakers at the conference included Carolyn Fairbairn, director of group development and strategy, ITV UK; and Mike Walsh, Managing Director of 'Tomorrow', a Hong Kong based think tank and author of 'Futuretainment'.

During the conference, the Minister also launched the Digital Ready labelling scheme specifically developed to help consumers make informed decisions when purchasing television equipment.

The advertising campaign is playing a crucial role in driving conversion to digital TV, by encouraging people to look out for the labels and know exactly what they'll need to do to plan and prepare for the phasing out of analog signals by the end of 2013.



REGIONAL EQUALISATION PLAN

The Regional Equalisation Plan was introduced in 2000–01 to assist regional and remote commercial television broadcasters with their conversion to digital broadcasting. Assistance is provided by licence area as capped annual rebates against broadcasters' licence fees supplemented by a grants component, where necessary, to achieve total agreed assistance under the Plan.

Administered expenses of \$300 000 were incurred in 2008–09 in the form of grants to broadcasters operating in two small regional markets—Broken Hill, NSW—totalling \$70 000 and Riverland, South Australia—totalling \$230 000.

DIGITAL RADIO

Significant progress was made towards the establishment of digital radio services during 2008–09. In October 2008, the Parliament amended digital radio legislative provisions to smooth the transition to digital radio. The changes:

- > extended the deadline for broadcasters to commence digital radio services in the mainland capital cities by six months to 1 July 2009
- > removed the requirement for digital radio services to commence in Hobart by the extended deadline of 1 July 2009. Broadcasters in Hobart will have the opportunity to commence digital radio services at the same time as other markets of comparable size, such as Geelong, Newcastle and Wollongong
- > retained an option for community radio to take up shares in the joint venture companies managing the transmission of digital radio services.

Digital radio services commenced in the five mainland state capitals—Adelaide, Brisbane, Melbourne, Perth and Sydney—from May 2009. They are operating alongside existing analog AM and FM radio services.


STRONG AND INDEPENDENT NATIONAL BROADCASTERS

The Department provides policy advice about the national broadcasters, particularly in regard to funding, accountability and transmission issues. Departmental staff work closely with the national broadcasters and deal with correspondence and queries from Parliament regarding their activities.

A key priority for the Department during 2008–09 was the review of the triennial funding for the national broadcasters leading up to the 2009–10 Budget.

The review involved a public consultation process (see case study) which ran parallel to a detailed assessment by the Department of the national broadcasters' performance over the previous triennium and their future funding requirements for 2009–10 to 2011–12. The Department provided advice to Government on the outcomes of the consultation process and the triennial funding review to inform funding decisions.

In the 2009–10 Budget, the Government announced that the ABC and SBS would receive more than \$2.5 billion in indexed base funding over three years (excluding analog and digital transmission). As a part of this, the Government provided



\$185.3 million in new funding for the ABC and SBS over three years to develop an ABC Digital Children's Television Channel, deliver more than 50 enhanced ABC local broadband hubs in regional Australia, and to significantly enhance the provision of Australian programming on the ABC and SBS. In May 2009, the Minister released a policy response to the review *Strengthening our National Broadcasters* highlighting the funding and future directions for the ABC and SBS.

A key focus for the Department in 2008–09, was developing and implementing an open and transparent appointment process for ABC and SBS Board members in accordance with Government commitments. Under the Government's new merit-based system, all current and future non-executive Board vacancies will be advertised, and all candidates subjected to a merit-based assessment of their suitability by an independent nomination panel. On 1 April 2009, the Minister announced the outcome of the first round of appointments comprising two new members for each of the ABC and SBS Boards. These appointments were made in accordance with the guidelines issued by the Minister on 18 October 2008.

In 2008–09, the Department facilitated approval of a \$15 million loan for the SBS in relation to sports rights payments and minor capital items.

NATIONAL BROADCASTERS' TRIENNIAL FUNDING REVIEW

The ABC and SBS have entertained, educated and informed generations of Australians with their broadcasting services over the past 76 years. Their importance to Australia's social, cultural and political life was a focus of discussions at the Australia 2020 Summit, held in April 2008.

In October 2008, the Government commenced a public consultation on the future roles of the national broadcasters to inform policy development and the consideration of funding priorities for the two organisations. The Minister released a discussion paper—*ABC and SBS: Towards a digital future*—which sought views on some of the key strategic and operational issues facing the ABC and SBS over the next decade.

A total of 2431 submissions were received in response to the discussion paper from a wide cross-section of the Australian community. Non-confidential submissions were made available on the Department's website.

These submissions provided strong support for the national broadcasters with many expressing the view that the ABC and SBS should continue to occupy

a central place in the Australian media landscape over the coming decade, delivering a diverse range of quality Australian and other programs.

The outcomes from the public consultation were announced in the Budget context in the Government's paper, *Strengthening our National Broadcasters*, released on 12 May 2009. This paper affirmed the Government's strong support for the national broadcasters and its commitment to ensuring they are able to provide vibrant, compelling and attractive content in the digital transition underway in the Australian media.



ABC & SBS BOARD APPOINTMENTS PROCESS

The Government made an election commitment to introduce a new merit-based appointment process for the ABC and SBS Boards. The Government's objective was to ensure appointments to the ABC and SBS Boards are conducted in a transparent and accountable way to build public confidence in the Board appointment process.

The Department provided extensive advice on the design of the process and the Minister released new guidelines for merit-based appointments to the ABC and SBS Boards on 16 October 2008. At the same time the Minister called for public expressions of interest for two positions on the ABC Board and two positions on the SBS Board.

The new process was facilitated by an independent nomination panel appointed by the Secretary of the Department of the Prime Minister and Cabinet. The nomination panel comprised Mr Ric Smith AO PSM (Chair), Professor Allan Fels AO, Ms Leneen Forde AC and Mr David Gonski AC. The role of the nomination panel was to select applicants for interview, conduct an assessment process and provide the Government with a short-list of eligible candidates.

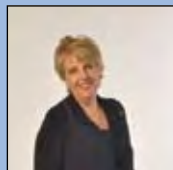
The Department provided support for the nomination panel, and was assisted by a professional recruitment agency in managing the more than 300 applications received in response to the call for expressions of interest.

The outcome of the process was the appointment by the acting Governor-General of four new directors on 27 March 2009. The new directors, each of whom was appointed for a five-year term, are Mr Michael Lynch CBE AM (ABC), Dr Julianne Schultz AM (ABC), Ms Elleni Bereded-Samuel (SBS) and Mr Joseph Skrzynski AO (SBS).

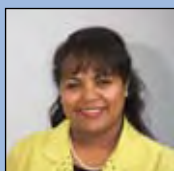
The Government has undertaken to provide a legislative framework for the new process, and the Department is developing legislation which is expected to be introduced in 2009.



Michael Lynch CBE AM



Julianne Schultz AM



Elleni Bereded-Samuel



Joseph Skrzynski AO

ABC and SBS Digital Interference Scheme

The Digital Interference Scheme was established to reimburse the ABC and SBS for the cost of their contribution to the Digital Interference Management Strategy administered by the commercial television industry representative body, Free TV Australia, on behalf of all participating free-to-air broadcasters. The strategy was primarily established to help consumers overcome interference problems associated with the introduction of new digital television services.

The contribution on behalf of ABC and SBS is 20 per cent of the actual costs incurred by free-to-air-broadcasters, and is paid on the basis of receipts. Administered expenses of \$2188 were incurred against this program in 2008–09.

POLICY ADVICE AND REGULATION

Australia's commercial free-to-air, subscription, national and community broadcasters fulfil an important role in Australia's social, political and cultural life.

During 2008–09, the Department provided advice to the Minister on a wide range of broadcasting issues, including developments in the commercial, national and community television and radio sectors and the broadcasters' compliance with relevant codes and standards that protect consumers from inappropriate content. The Department also provided advice on the operation of the anti-siphoning scheme which is intended to maximise the opportunities for key sports and other events to be available on free-to-air television.

The Department also provided advice to the Minister on ownership and control changes arising from media transactions, the introduction of new digital broadcasting technologies and the general operation of the regulatory frameworks applicable to broadcasting.

In framing its advice to Government, the Department consults regularly with the broadcasting industry. In addition to the broadcasters, the Department's key stakeholders include peak bodies representing the commercial television industry, the commercial radio industry, the pay television industry and the community radio and television sectors.

Captioning

The Department is leading an investigation into access to electronic media by people with a hearing or vision impairment. The investigation covers captioning and audio description on free-to-air and subscription television, films in cinemas, DVDs and audio-visual content on the internet. The Government's 2008 public discussion paper on media access attracted 167 submissions from representatives of the television, film and internet industries, as well as people with a hearing or vision impairment.

The Department has reviewed the issues raised in submissions and met with relevant stakeholders to further discuss their issues. The Government is considering the complex policy and regulatory issues involved and will respond in 2009–10.

Table 2.5 Public review of captioning standards

Key Performance Indicator	Access to high quality radio and television for all Australians.
2008–09 Target	Result
Complete the public review of captioning standards.	167 submissions received to Access to Electronic Media for the Hearing and Vision Impaired discussion paper. Government is considering this matter in consultation with stakeholders.

TELEVISION TOWERS

Funding of \$850 000 was provided in the 2008–09 Budget to meet three election commitments to improve television reception in:

- > Broadford in Victoria
- > Currie on King Island, Tasmania (the Currie commitment also involved improving reception of the ABC's Local Radio service)
- > the Ingle Farm to Craigmare area along the Para Escarpment in outer metropolitan Adelaide, South Australia.

The Mitchell Shire Council and the King Island Council both agreed to establish and operate digital retransmission facilities at Broadford and Currie respectively. Under these arrangements, the Australian Government makes a contribution towards the establishment costs for these facilities and the councils meet any establishment costs in excess of the Commonwealth's contribution as well as the facilities' ongoing operations and maintenance costs.

The Broadford digital retransmission facility went to air in late June 2009 and the King Island Council is expected to complete the Currie project in the first half of 2009–10. The Government has agreed that funds to cover the second and final payments for the Broadford and Currie projects will be available in 2009–10.

In order to gain a better understanding of the digital television reception problems in the Para Escarpment area, the Department engaged a consultant to assess digital television reception deficiencies and possible solutions using field surveys and transmission testing.

The Para Escarpment commitment is now expected to be implemented in 2009–10 and funding for this purpose has been provided in the 2009–10 Budget.

Administered expenses of approximately \$300 000 were incurred against this program in 2008–09.

TELEVISION BLACK SPOTS—ALTERNATIVE TECHNICAL SOLUTIONS

This program provided alternative solutions for television black spots that could not be rectified under the analog Television Black Spots Program. The analog Television Black Spots Program, which closed on 30 June 2005, funded terrestrial delivery of analog services to signal-deficient areas.

The new program provided capital funding for eligible analog television black spots for either:

- > digital retransmission equipment, or
- > direct-to-home equipment for affected households (comprising a satellite dish, decoder and smart card), or
- > cabling to individual households.

The two remaining outstanding projects, proposed by the Shire of Yarra Ranges, did not proceed as a result of the applicant's decision. The program closed on 30 June 2009.

There was no expenditure for this program in 2008–09.

COMMUNITY BROADCASTING

The Department provides policy advice and administers funding via funding deeds to the Community Broadcasting Foundation and Radio for the Print Handicapped Australia to support Australia's diverse and extensive community broadcasting sector.

The Community Broadcasting Foundation is an independent non-profit funding agency that distributes funds for the maintenance and development of community broadcasting in Australia.

In 2008–09, the Government provided the foundation with \$8.8 million⁹ to:

- > support community broadcasting for the benefit of the general community, Indigenous Australians, the print handicapped and ethnic audiences
- > assist in the national, state and regional development of community broadcasting, including support for national associations of community broadcasters
- > provide infrastructure investment, training and transmission support
- > support the Australian Music Radio Airplay Project.

In order to provide best practice management for community sector funding, the Department engaged McGrathNicol to review the existing monitoring and reporting arrangements of its funding agreement with the foundation, to ensure

⁹ This figure includes amounts of \$100 000 reallocated from the Connect Australia–Mobile Connect program (Satellite Phone Subsidy Scheme) to the Community Broadcasting Foundation program and \$101 119 paid from the National Transmission Network Residual Funding Pool program.

the best possible outcomes would be achieved for the benefit of the community broadcasting sector.

McGrathNicol finalised its review in May 2009. Recommendations to improve the current program are being incorporated into the 2009–10 Community Broadcasting Foundation funding agreement.

The Department advised the Minister regarding support for community broadcasting, including the commencement of digital television and radio services.

The Department also provided advice to continue support for the National Training Program in 2008–09. A commitment of ongoing and indexed funding, totalling \$2.5 million over four years from 2009–10 to 2012–13, was announced in the 2009–10 Budget to better enable the sector to plan and deliver accredited management and broadcasting skills training, particularly in regional, rural and remote Australia.

NATIONAL TRANSMISSION NETWORK RESIDUAL FUNDING POOL

The National Transmission Network Residual Funding Pool provides funding assistance towards transmission costs incurred by community broadcasters, Radio for the Print Handicapped, and three remote commercial broadcasters (Golden West Network, Imparja TV and North West Radio). These grants ensured that users of Radio for the Print Handicapped and community broadcasting services continued to receive access to these services, and that commercial broadcasting services, provided through Golden West Network, continued to be made available for households in certain remote areas of Western Australia.

Administered expenses of approximately \$700 000¹⁰ were incurred against this program in 2008–09. The Department did not provide funding to Imparja TV in 2008–09 as it was unable to satisfy all reporting requirements. The services which Imparja TV provides have continued throughout the period.

10 This figure includes administered expenses of \$101 119 paid to the Community Broadcasting Foundation.

SERVICE CHARTER AND CLIENT SATISFACTION

The service standards the Department aspires to are published in its *Service Charter 2008–10*. The *Service Charter* is available on the Department's website at www.dbcde.gov.au/department.

The Department measures client satisfaction with its services and service standards through an annual client satisfaction survey. In early May 2009, 2148 clients were sent a survey questionnaire requesting feedback on the Department's performance in areas such as publicising its *Service Charter*, communication, general customer service, management of funding programs, consultation on policy and legislation, its website, overall satisfaction, achievement of objectives and provision of services.

The survey mail-out was complemented by telephone follow-up calls which ended on 22 June 2009. The 2009 survey achieved a response rate of 48.7 per cent compared with a 45.8 per cent response rate in 2008.

Overall, 95 per cent of respondents found the Department's overall service satisfactory or better. This result was slightly lower than the 97 per cent achieved in 2008. There was, however, an increase in the percentage of clients who rated the Department's overall service good to excellent—it increased from 72 per cent in 2008 to 75 per cent in 2009.

Table 2.6 outlines areas where changes in client satisfaction level between the 2008 and 2009 surveys were statistically significant. The Department has achieved significant improvement in the level of client service including: the fair administration of funding programs and speed of decision making, our website, courtesy, competence, and providing direct contact details when responding to written correspondence.

Table 2.6 Statistically significant changes in client ratings of the Department's service

Service	2008 Result (%)	2009 Result (%)
Overall website	53	60
Access to and information about funding programs	53	72
Clarity of guidelines and applications	54	78
Fair administration of funding programs	65	81
Speed of decision making regarding funding programs	62	77
Overall administration of funding programs	63	81
Providing further contact details in written correspondence	70	82
Courtesy and politeness	81	88
Competence	72	77

In its 2007–08 Annual Report, the Department identified ‘time provided for consultation’, ‘publicising funding programs’ and ‘how to apply for funding’ as target areas for service improvement. The 2009 survey demonstrated that the Department has improved on these targeted areas with a strong improvement in ‘time provided for consultation’ with 53 per cent of clients rating the Department as ‘good to excellent’ on this item compared with 43 per cent in 2008. ‘Improvements in publicising funding programs’ and ‘how to apply for funding’ were statistically significant.

Table 2.7 outlines trends in the Department’s performance over three years against the service standards outlined in the *Service Charter*. The results highlight significant improvements in the administration of funding programs and the development and review of policy and legislation, with an improvement in client satisfaction for telephone interactions with the Department. The table presents a slight decline in satisfaction levels with overall customer service, quality of communication with clients, response to emails, written enquiries and service delivery. These will be a focus of attention in 2009–10.

Table 2.7 Outcomes of the 2007, 2008 and 2009 Client Service Satisfaction Surveys

Survey Category	Satisfaction level of clients		
	2007 %	2008 %	2009 %
Overall customer service	94	97	95
Communication with clients—quality	96	97	95
Telephone dealings with clients	96	95	96
Email dealings with clients	95	95	94
Written enquiries	92	93	92
Administration of funding programs	89	92	96
Service delivery	N/A	93	91
Development and review of policy and legislation	80	82	88

The Department’s *Service Charter* provides a contact point for clients to escalate resolution of complaints from within the Department. Three clients contacted the Manager, Corporate Strategy and Performance Reporting regarding a service complaint during 2008–09. As each contact was an initial contact with the Department they were referred on to the relevant program manager for action. On each occasion the complaints were resolved to the satisfaction of the client.

FINANCIAL PERFORMANCE

This review of financial performance should be read in conjunction with the Department's audited financial statements for 2008–09, in the 'Financial Statements' section of this report.

CHANGES TO THE DEPARTMENT'S FINANCES

In 2008–09, there were a number of changes which impacted on the Department's finances.

From the 2008–09 Budgets, changes were implemented to the arrangements by which Commonwealth Authorities and Companies (under the *Commonwealth Authorities and Companies Act 1997*) received funding from the Commonwealth. As these bodies are legally separate from the Australian Government, they are unable to be appropriated directly. As a result, the Department is appropriated on behalf of ABC and SBS, and makes payments to each entity. The Department also administers a loan with SBS under these new arrangements.

On 1 January 2009, the *Nation-building Funds (Consequential Amendments) Act 2008* repealed the section of legislation which established the Communications Fund. Upon its closing, the investments of the Communications Fund were transferred to the Building Australia Fund. The legislation establishing the Building Australia Fund (BAF), also established the BAF Communications Portfolio Special Account, for which the Department is responsible. Payments are channelled through the Building Australia Fund to the BAF Communications Portfolio Special Account for the purpose of making payments in relation to the creation or development of communications infrastructure and in relation to eligible national broadband network matters.

OVERVIEW OF THE DEPARTMENT'S FINANCES

Parliament provides the Department with two types of funding: departmental and administered. Departmental funds are used to produce goods and services (outputs) at a quantity, quality and price endorsed by the Government. Administered funds are the funds, assets and liabilities administered by the Department on behalf of the Australian Government, which controls how the Department uses them and requires the Department to account for them separately.

DEPARTMENTAL FINANCES

The Department's income for 2008–09 was \$119.0 million, with departmental expenses totalling \$115.0 million, resulting in an operating surplus of \$4.0 million.

Total income increased by \$2.8 million in 2008–09, reflecting the provision of additional funding by the Australian Government to the Department for activities associated with the National Broadband Network and the Digital Switchover

Taskforce offset, in part, by the full-year impact of the transfer of functions from the former Department of Communications, Information Technology and the Arts, as part of the Administrative Arrangements Order of 3 December 2007.

The movement in the Department's net assets largely reflects the moderate operating profit and a downward revaluation of the Department's make-good assets.

Table 2.8 below provides a summary of the Department's income statement and net asset position.

Table 2.8 Summary of departmental financial performance and position

	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	Change last year
Revenue from Government	114.2	119.8	145.6	111.2	117.1	5.3% ▲
Other Revenue	7.6	8.9	8.8	4.4	1.4	65.4% ▼
Gains	0.5	0.4	0.4	0.6	0.5	23.9% ▼
Total Income	122.3	129.1	154.7	116.2	119.0	2.4% ▲
Employee and supplier expenses	102.1	108.2	125.2	123.4	108.7	11.9% ▼
Depreciation	2.6	3.4	3.8	4.2	5.9	40.0% ▲
Other Expenses	9.0	2.9	1.4	0.7	0.5	30.3% ▼
Total Expenses	113.8	114.6	130.4	128.3	115.0	10.3% ▼
Operating Result (Loss)	8.5	14.5	24.4	(12.1)	4.0	na
Financial Assets	61.2	73.8	103.4	77.2	86.5	12.0% ▲
Non-financial assets	53.1	56.4	64.2	16.9	13.3	21.4% ▼
Liabilities	28.8	27.5	32.7	26.7	26.8	0.4% ▲
Net assets	85.6	102.6	134.9	67.5	73.0	8.2% ▲

Note: Figures in Table 2.8 and associated text have been rounded. Discrepancies in the above table between totals, sums of components and percentages are due to this rounding.

ADMINISTERED FINANCES

Administered income increased by \$38.5 million compared to 2007-08, reflecting:

- > an increase of \$121.5 million in dividends received from Australia Post
- > a decrease in interest revenue of \$76.9 million, reflecting the closure of the Communications Fund, and consequent transfer of investments to the Building Australia Fund.

Administered expenses increased by \$876.7 million compared to 2007–08, due largely to:

- > appropriation payments of \$1049.9 million to entities under the *Commonwealth Authorities and Companies Act 1997* (ABC and SBS) now processed through the Department
- > a decrease in grants of \$162.2 million, in the main, due to the 2007–08 financial year including expenses relating to functions transferred as part of the Administrative Arrangements Order of 3 December 2007.

Administered financial assets decreased by \$3478.8 million compared to 2007–08, due to:

- > the transfer of the Communications Fund investments to the Building Australia Fund, resulting in a decrease of \$2381.4 million
- > a decrease of \$1119.4 million in administered investments in portfolio bodies, predominantly reflecting the decrease in the value of Australia Post
- > the provision of a loan to SBS (\$15.0 million).

Table 2.9 Summary of administered financial performance and position

	2004–05 \$m	2005–06 \$m	2006–07 \$m	2007–08 \$m	2008–09 \$m	Change last year
Interest	0.5	86.3	131.8	163.3	86.4	47.1% ▼
Dividends	2 368.9	2 861.0	1 181.9	306.3	427.8	39.7% ▲
Other revenue	275.7	18.5	6.6	7.1	0.3	95.1% ▼
Gains			16 778.8	0.4	1.0	163.0% ▲
Total Income	2 645.1	2 965.7	18 099.1	477.1	515.6	8.1% ▲
Grants	265.0	358.4	271.9	245.3	83.1	66.1% ▼
Subsidies	286.8	225.9	168.7	86.1	84.8	1.5% ▼
Other expenses	48.4	52.8	31.1	27.5	17.8	35.2% ▼
Payments to CAC Bodies					1 049.9	N/A
Total expenses	600.2	637.2	471.7	358.8	1 235.5	244.3% ▲
Financial Assets	7 256.1	34 132.7	11 758.6	7 116.2	3 637.4	48.9% ▼
Non-financial assets	86.5	134.0	144.0	2.5	3.1	24.9% ▲
Liabilities	15.5	64.1	23.0	21.5	22.6	5.2% ▲
Net assets	7 327.1	34 202.6	11 879.6	7 097.1	3 617.9	49.0% ▼

Note: Figures in Table 2.9 and associated text have been rounded. Discrepancies in the above table between totals, sums of components and percentages are due to this rounding.



3

SECTION 3

MANAGEMENT AND ACCOUNTABILITY 77

79	Management and accountability
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103	Caring for the environment



MANAGEMENT AND ACCOUNTABILITY

The Department's three corporate areas—Corporate and Business Division, Legal Services Group and Finance and Budgets Group—provide strategic and operational support to the Department.

This section of the report provides an overview of the Department's governance arrangements and corporate performance in the following areas:

- > corporate governance and performance—reporting on the Department's management committees, corporate and operational plans, performance reporting and evaluation, internal audit, risk and financial management, fraud control, external scrutiny, legal services and support provided to our Minister
- > our staff—reporting on staff engagement and consultation, capability development, diversity and harassment, individual performance management, recognition and reward, workforce planning, occupational health and safety and terms of employment
- > equipping our staff to do business—reporting on information technology, asset management, facilities, security, administrative support and procurement
- > caring for the environment—reporting on ecologically sustainable development and environmental performance.

CORPORATE GOVERNANCE AND PERFORMANCE

STRATEGIC DIRECTIONS 2009–11

In June 2009, the Department published a new strategic directions document, *Strategic Directions 2009–11*, which better reflects the Department's priorities including implementation of decisions taken by Government in 2008–09 on the National Broadband Network and reform of telecommunications regulation. The document also outlines the Department's business improvement agenda for the next three years.

MANAGEMENT COMMITTEES

Management committees are a key element of the Department's governance framework, providing cross-divisional senior executive oversight of strategy development and key operations.

Executive Management Group

The Executive Management Group has oversight of corporate governance, accountability, operational effectiveness and monitors the financial performance of the Department and its programs. At alternate meetings, the group holds a more strategically focused discussion on a subject of significance for the Department. Issues discussed in 2008–09 included the Department's strategic business

priorities, business improvements in information and communications technology services, staff survey results, individual performance management arrangements, information and records management, the Department's organisational structures, resourcing and reporting arrangements. During 2008–09, the Group met on 21 occasions.

The Group comprises the Secretary (Chair), all Deputy Secretaries and First Assistant Secretaries including the Chief Financial Officer and General Counsel.

Audit Committee

The Audit Committee provides independent assurance and assistance to the Secretary in relation to governance within the Department. The Committee's objectives include the enhancement of the control framework within the Department to ensure it is robust and reliable and provides the Secretary with confidence that the Department complies with legislative and other obligations, particularly those that relate to the *Financial Management and Accountability Act 1997*.

The Secretary and the Executive Management Group is briefed regularly on matters arising at Committee meetings.

The Committee comprises the Deputy Secretary, Broadcasting and Digital Switchover (Chair); Mr Len Early (External Member); First Assistant Secretary, Corporate and Business (Deputy Chair); First Assistant Secretary, Digital Economy Services; Assistant Secretary, Research and Statistics; and the Assistant Secretary, Cyber-Safety and Trade. The Chief Financial Officer, General Counsel and a representative of the Australian National Audit Office attend meetings as observers.

The Committee's Charter was revised by the Secretary in December 2008 and again in June 2009 to provide for the appointment of a second external member. The Committee met on five occasions during 2008–09.

Performance Reporting Committee

The Performance Reporting Committee oversees the performance of each of the Department's administered expense items and major departmental programs. The Committee meets monthly.

The Committee comprised the Secretary (Chair); Deputy Secretary, Digital Economy and Services (Deputy Chair); Chief Financial Officer; First Assistant Secretary, Corporate and Business; First Assistant Secretary, Digital Economy Services; First Assistant Secretary, Digital Economy Strategy; First Assistant Secretary, Broadcasting and Digital Switchover; First Assistant Secretary, National Broadband Network Implementation; and the Assistant Secretary, Research and Statistics.

Human Resources Management Committee

The Human Resources Management Committee provides advice to the Secretary and the Executive Management Group in relation to the Department's human resource and workforce planning arrangements. During 2008–09, the Committee met on three occasions.

The Committee comprises the First Assistant Secretary, Corporate and Business (Chair); First Assistant Secretary, Broadcasting and Digital Switchover; First Assistant Secretary, Networks Policy and Regulation; First Assistant Secretary, Digital Economy Strategy; First Assistant Secretary, Digital Economy Services; First Assistant Secretary, National Broadband Network Implementation; Assistant Secretary, People and Procurement; Assistant Secretary, Australian Broadband Guarantee; Assistant Secretary, Finance; Manager, Human Resource Strategy and a Senior Executive Lawyer.

Information Management Committee

The Information Management Committee oversees the Department's information technology and information management strategies and maintains a guiding hand in relation to all agreed information technology projects. During 2008–09, the Committee met on eight occasions.

A key project commenced during 2008–09, was the fundamental redevelopment of the Department's electronic documents and records management system. This project aims to enable staff to better capture, store and share information.

The Committee comprises the First Assistant Secretary, Corporate and Business (Chair); Chief Financial Officer; Assistant Secretary, Information, Technology and Support Services (Chief Information Officer); Assistant Secretary, Parliamentary Support, Corporate Strategy and Governance; Assistant Secretary, Digital Economy and the Assistant Secretary, Australian Broadband Guarantee.

Following the departmental restructure, a rebalancing of committee membership is planned. The aim of this rebalancing is to ensure that all groups are represented and have a voice in relation to the Department's information management and technology strategic direction.

Senior Executive Service meetings

The Department's Senior Executive Service (SES) staff generally meet fortnightly to facilitate effective communication of key messages across the Department. The Senior Departmental Liaison Officer within the Minister's Office also attends these meetings. The meetings include standing agenda items such as the calendar of key dates, hot issues, updates on program and operational activities. Some of the topics canvassed during 2008–09 included business planning and budget processes, workforce planning, media management protocols and changes to guidance on spending public money.

The meeting is chaired by a First Assistant Secretary appointed on a rotational basis.

GOVERNANCE PROCESSES

Business planning

During 2008–09, the Department better integrated its internal budgeting and business planning processes. The new processes were formally introduced on 11 June 2009 to improve the timeliness and consistency of planning and alignment of business plans with the Department's *Strategic Directions 2009–11*, Portfolio Budget Statements and *Risk Management Plan 2009–11*.

Performance reporting

Program managers report the performance of administered and major departmental measures within their areas of responsibility to the Performance Reporting Committee through a monthly traffic light report outlining key deliverables and milestones, performance targets, risks and financial profiles. In May 2009, the Department revised its performance reporting arrangements for 2009–10. The new arrangements involve the preparation of a summary forward plan for each administered expense item, establishing the baseline against which the Committee will monitor performance and risk during 2009–10.

Evaluation

In 2008–09 the Performance Reporting Committee agreed the Department's administered items would generally be evaluated on a four-yearly cycle. As part of the Department's restructure, a dedicated Evaluation Section was established on 1 June 2009 in Corporate and Business Division, to administer the Department's evaluation policy, conduct efficient and targeted evaluations and, where appropriate, assist in the procurement of independent evaluation services. During 2008–09, evaluations of the following administered programs were completed:

- > Australian Broadband Guarantee—external business systems review
- > Clever Networks—internal progress program review
- > Backing Indigenous Ability—internal review of training and online content elements
- > National Information and Communication Technology Centre of Excellence—external program review
- > E-security—external review of effectiveness and impact of awareness raising initiatives.

Risk management

The Department conducted a major review of its strategic and divisional risks during 2008–09, and finalised and updated the Risk Management Plan for the period 1 July 2009 to 30 June 2011. The revised plan is consistent with the Australia/New Zealand standard on risk management (4360:2004).

In October 2008, the Department implemented a comprehensive compliance checking process, a component of which requires senior management to provide assurance to the Secretary on key governance obligations every six months.

The Department has continued to raise awareness of risk management principles through information sessions delivered to all teams throughout the organisation. Throughout the reporting period, risk management training was provided by Comcover and members of the Department's Governance and Compliance Reporting team. Assistance in some areas of this work was also provided by the Enterprise Risk team from Ernst and Young Consulting.

Insurance

The Department participated in the Comcover Benchmarking Program 2009. Comcover assessed the Department's risk management capability as advanced. Comcover's assessment entitled the Department to a saving of 7.9 per cent on the 2009–10 renewal premium.

Financial management

The Department has continued to improve its Financial Management Information System (SAP) and Budgeting and Reporting Tool. Enhancements include improved budget development and monitoring, improved management reporting to the Executive Management Group, the production of external financial statements, and the roll-out of online web-based executive financial reports and online training and help modules.

There was also considerable work done to integrate the Australian Broadband Guarantee grants management systems with the Department's Financial Management Information System. This work was aimed at improving efficiency in grants management.

Existing compliance, accountability and assurance processes were further streamlined and strengthened through:

- > the implementation of new software to ensure compliance questions are targeted at those best placed to provide compliance assurance, together with simplified roll-up and reporting of information to management and the executive
- > the implementation of an online delegation accreditation test for all holders of financial management, procurement and travel delegations. This process reinforced the Department's training program and familiarity with departmental and Commonwealth policies and guidelines including the *Financial Management and Accountability Act 1997* and Regulations, the Commonwealth Procurement Guidelines, Chief Executive's Instructions, and a range of supporting Practical Guides.

Following the simplification of the Chief Executive's Instructions in 2007–08, the Department continued to streamline its Practical Guides during the reporting period. Where appropriate, further devolution and more timely approvals are being reflected in the financial delegations.

Fraud control

The Department's 2008–09 fraud control policy, guidelines and plan complied with the Commonwealth Fraud Control Guidelines. The Department has prepared fraud risk assessments and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes. In the lead-up to the end of the financial year, the Department reassessed its fraud risk and the effectiveness of the fraud control framework in accordance with the Commonwealth Fraud Control Guidelines, issuing a new *Fraud Control Plan 2009–11* on 30 June 2009.

During 2008–09, one incident of suspected fraud was referred to the Australian Federal Police, which was subsequently declined for further investigation. In August 2009, a further matter of suspected fraud against a program of the Department was referred to the Australian Federal Police.

The Department enhanced staff awareness of its fraud risks through Fraud Awareness Fortnight events in February 2009. These included fraud training facilitated by Comcover, an open invitation to staff to hear specialist fraud prevention speakers including the Managing Partner of KPMG Forensic and Principal Criminologist at the Australian Institute of Criminology (attended by 120 staff), and presentations on the Department's fraud control policy and procedures by the Governance and Compliance Reporting Section to branches throughout the Department.

Business continuity planning

The Department maintains a Business Continuity Plan comprising a policy statement, action plan, pandemic response plan and a continuity of government plan as its core components. The Business Continuity Plan also links with the Department's Emergency Response Guide, Emergency Control Organisation and Information Technology Disaster Recovery Plan.

In March 2009, the Department signed a reciprocal Memorandum of Understanding with the Australian Communications and Media Authority providing a mutual undertaking to assist with the maintenance of business continuity in the event of an incident.

On 28 April 2009, the Department identified the outbreak of Pandemic (H1N1) 2009 as a business continuity event. The Department reviewed its pandemic response plan and liaised with the Australian Government Crisis Committee and relevant health authorities in relation to guiding the Department's response.

On 21 May 2009, the Department's crisis team applied its business continuity framework to a fictional business continuity scenario. This closed meeting tested the effectiveness of the Department's policies and plans in guiding appropriate responses to a business continuity threat. The test confirmed that the Department could effectively respond to a crisis and enabled minor weaknesses in role and expectation clarity to be addressed.

The Department's Business Continuity Plan and its components are currently being reviewed to take into account experience acquired in managing the impact of Pandemic (H1N1) 2009 and updates to other components of the plan as appropriate.

Internal audit

Internal audit services during 2008–09 were provided by KPMG and monitored by the Audit Committee. The *2008–09 Annual Internal Audit Plan* was developed to take account of the Department's strategic risks identified in the *Risk Management Plan 2007–09* and emerging issues based on consultation with senior managers. Internal audit reports are reviewed by the Audit Committee and Executive Management Group.

The following reviews were completed during the year including a number of projects completed by Protiviti outstanding from 2007–08:

- > Connect Australia Program Governance
- > Preliminary Study of the Protecting Australian Families Online Program
- > Protecting Australian Families Online Program: Pre-Performance Audit Review
- > National Filter Scheme—PC Filters Reconciliation, Acquittal and Auditing Process
- > Training and staff development
- > Implementation of the Recommendations of the Evaluation of the Community Phones Program
- > Australian Broadband Guarantee Program
- > Budgeting and Forecasting for the Australian Broadband Guarantee Program
- > Internal Financial Management Reporting
- > Cash management
- > Financial transactions
- > Review of audit recommendations.

EXTERNAL SCRUTINY

The Department engaged with the Australian National Audit Office (ANAO) during 2008–09 on the audit of its financial arrangements.

The Department was a direct participant in the 2008 ANAO Audit Report Number 3, *2008–09 Establishment and Management of the Communications Fund*. Following the audit, the Department noted the importance of good record keeping, particularly in a whole-of-government environment, and also revised its internal audit protocols to manage such processes. The Department also participated in the cross portfolio follow-up audit on the *Management and Processing of Leave*. As at 30 June 2009, the leave audit was in progress.

During 2008–09, the Commonwealth Ombudsman received 11 approaches about the Department. Four were made by telephone, four in writing, one in person, one by email, and one via the internet.

During the reporting period, the Commonwealth Ombudsman closed 10 approaches covering 10 separate issues relating to the Department. Of the approaches closed, two approaches covering two issues were investigated. There were no investigations where a finding of administrative deficiency was recorded.

There were no judicial decisions or decision of administrative tribunals that had an impact on the operations of the Department during 2008–09.

An outline of Parliamentary Committees relevant to the Department is at Appendix 2.

LEGAL SERVICES

During the year, the Legal Services Group provided a range of services to the Department including legal and legal policy advice on telecommunications, broadcasting, commercial, workplace relations, administrative law and legislation issues. Where necessary the provision of legal advice was supplemented by external providers under deeds of standing offer administered by the Group. These external providers included the Australian Government Solicitor, Blake Dawson, Clayton Utz, Corrs Chambers Westgarth, DLA Phillips Fox and Minter Ellison.

During 2008–09, the Legal Services Group provided significant input on five bills and one set of regulations and drafted 11 other legislative instruments. Appendix 4 provides further details about legislation.

Some of the significant matters on which the Legal Services Group provided legal and legal policy advice on during the year included:

- > the National Broadband Network Request for Proposals
- > the new National Broadband Network initiatives, including the establishment of NBN Co Limited
- > the Integrated Public Number Database—emergency warning system legislation
- > the Department's banking contract
- > Internet Service Provider filtering
- > the switchover to digital television
- > the Youth Advisory Group
- > the merit selection process for board members of national broadcasters
- > the Department's restructure
- > freedom of information requests.

The Legal Services Group also provided staff with legal awareness training and took on the role of coordinating the Department response to the Government's new deregulation agenda and the Department's input into the Productivity Commission's *Annual Review Of Regulatory Burdens On Business—Social And Economic Infrastructure Services*.

SUPPORTING OUR MINISTER

The Department supports the Minister and his office by coordinating and quality assuring responses to Ministerial Correspondence and Questions on Notice, Senate Order reports, Ministerial Minutes and Briefings including Question Time and Senate Estimates briefings, and all matters requiring cross-portfolio input.

The Minister's participation in Community Cabinet is supported through comprehensive briefing and the attendance of the Secretary and other departmental officers as required.

The volume of correspondence, minutes, briefs and Questions on Notice handled by the Department is set out in Table 3.1.

Table 3.1 Volume of advice provided to the Minister

Type of Advice	2006–07	2007–08	2008–09
Ministerial Correspondence	5 432	7 637	6 456
Minutes	850	1283	640
Briefs	157	416	222
Question Time Briefs	969	241	270
Parliamentary Questions on Notice	44	38	48
Consumer campaign correspondence	N/A	N/A	10 932
Departmental Senate Estimates Questions on Notice ^{††}	135	149	230
Portfolio agency Senate Estimates Questions on Notice ^{††}	692	243	364

MEDIA AND COMMUNICATIONS

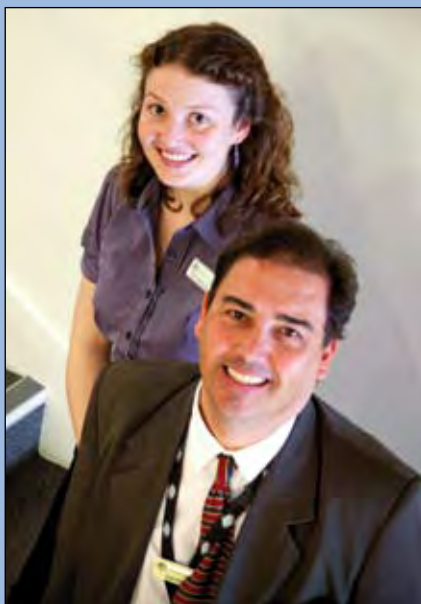
The Communication and Media Branch is integral to the Department's strategic directions by providing professional communication and media services and products to all areas. The branch produced more than 136 media releases and 94 speeches during the year and increased the Department's internal intranet news service to three stories a day.

Other key tasks and roles during the year include coordination and management of the Digital Economy stakeholder forums, discussion blog and Future Directions discussion paper, and managing the national Digital Get Ready communications campaign for the Digital Switchover Taskforce. This communication campaign will cover all areas of the nation up to the digital switchover in 2013. The branch is also assisting the Infrastructure Group in supporting the roll-out of the National Broadband Network.

^{††} There were no Estimates hearings in October 2007 as the Government was in a Caretaker period.

MEDIA AND ISSUES MANAGEMENT TEAM

Every morning the Media and Issues Management team collates portfolio clips for the Minister and Leader of the Opposition, the Secretary and the Department. The team, which consists of two people, search through up to 400 media clips to create a summary document of the most relevant portfolio news stories. The team then brief the Secretary and, on sitting weeks, the Minister's Office. Press, radio, television (both regional and metropolitan) and other forms of social media are also included where appropriate. The team continues to monitor the media throughout the day to relay any breaking stories the Department should be aware of. The Department monitors the media seven days a week.



John Noble and Emma Beltrame,
Media and Issues Management Team

OUR STAFF

The Department strives to provide a safe environment in which staff are able to perform to a high standard. The Department aims to build its staff into a well-equipped and cohesive group that values diversity and has a clear sense of organisational direction and priorities.

ENGAGEMENT

Consultative arrangements

The Department's Collective Agreement provides for a Workplace Consultative Committee to provide a forum for information sharing and to enable staff and union input in relation to the implementation of the Agreement. The Committee was actively involved in discussing matters such as the Department's non-smoking policy and initiatives, the organisational restructure, occupational health and safety and changes to any human resource related policies. During 2008–09 the Committee met on six occasions.

The Committee comprised: the Secretary (Chair); First Assistant Secretary, Corporate and Business; Chief Financial Officer; Assistant Secretary, People and Procurement; Manager, Workplace Relations; eight elected staff representatives from across the Department; and union organisers from the Community and Public Sector Union and the Media, Entertainment and Arts Alliance.

Following the Department's restructure the Committee was rebalanced to ensure all divisions were represented.

Staff survey

The Department conducted its staff survey in December 2008. More than 88 per cent of staff participated in the survey, compared with 68 per cent from the 2006 survey.

The survey measured staff motivation, satisfaction, interest and commitment across seven motivational drivers including job, employer, development, influence, alignment, leadership and manager. The Department achieved higher motivational scores across all drivers of motivation when compared with the mean for other Commonwealth agencies who use the same survey methodology.

Based on consultation with staff and following an SES planning day, the Secretary distributed the Department's Staff Survey Action Plan to all staff, requiring the Plan be discussed in branch meetings and implemented across the Department. The Plan targets five areas of focus for monitoring and reporting, including:

- > SES leadership
- > motivation and productivity within branches and teams
- > executive level staff engagement
- > performance management
- > access by staff to information

Implementation of a range of initiatives and process improvements in these areas will be undertaken during the next reporting period.

Staff engagement

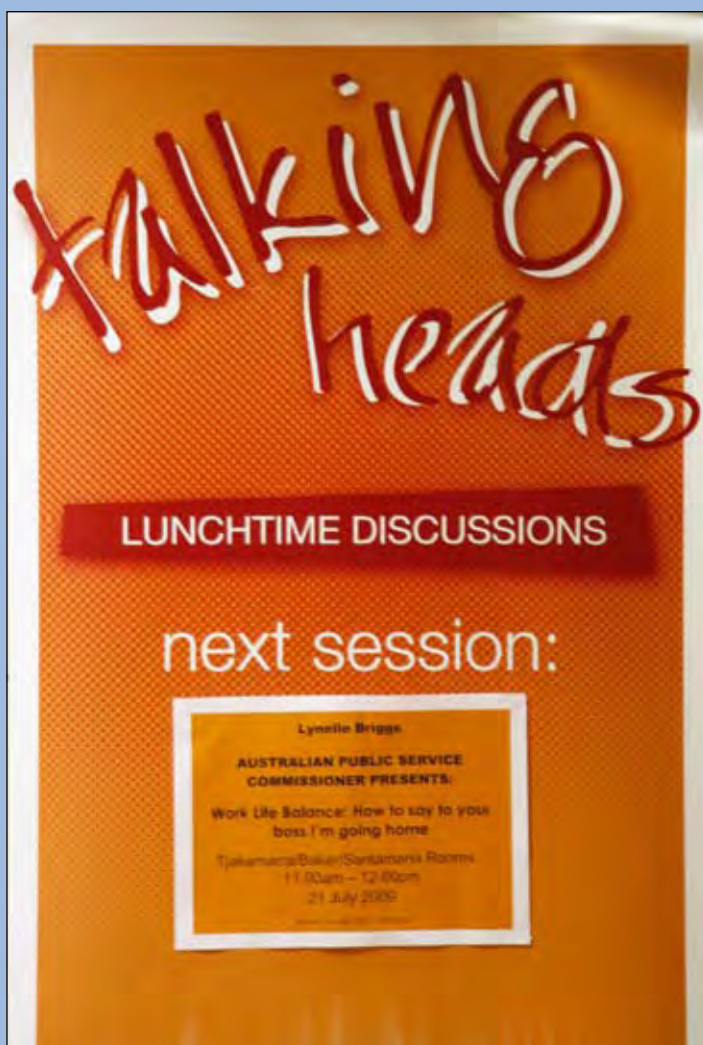
Talking Heads is the Department's guest speaker program drawing on APS and industry speakers to stimulate discussion, increase staff awareness of topical issues and enhance our capacity to work effectively with stakeholders. Some of the topics canvassed during the reporting period included: reconciliation; the relationship between industry and government; the ACCC's role in telecommunications; a range of wellbeing related topics; future directions in the Digital Economy; leadership in the APS; the digital switchover—experience from overseas; and regulatory pressures in the communications sector among others.

Insight is a monthly internal newsletter aimed at sharing information about activities in the Department and providing the Secretary with a forum for discussion of topical issues of importance to the Department. *Insight* also profiles individual staff to highlight the diversity of experience, talents and interests of staff.

TALKING HEADS

The Talking Heads guest speaker sessions continued with 21 presentations held in 2008–09.

Audience numbers for Talking Heads have been consistently high during the period (averaging 101 staff or 17 per cent of staff based in Canberra). Attendance peaked at 170 for a session on the National Broadband Network presented by Ms Pip Spence, First Assistant Secretary, Networks Policy and Regulation Division. The presentation by Dr Wendy Southern, First Assistant Secretary, Cabinet Division, the Department of the Prime Minister and Cabinet (PM&C), provided insight into the challenges facing PM&C attracted 163 staff.



Other sessions held in 2008–09 that featured external speakers were:

- > Karen Curtis, Privacy Commissioner, *Managing privacy issues at work*
- > Chris Chapman, Chairman/CEO, Australian Communications and Media Authority (ACMA), *New landscapes: are new technologies and markets outstripping legislation?*
- > Martin Stewart-Weeks, Asia Pacific Public Sector Director, CISCO, *Digital economy futures: regional reflections*
- > Professor Robin Eckermann, Principal of Eckermann and Associates, *Going green gracefully: green ICT*
- > Catherine Livingstone, Member of the expert panel that conducted the Review of the National Innovation System and associated report *Venturous Australia—building strength in innovation*
- > Shaun Brown, Managing Director, SBS, *Challenges and opportunities facing the public broadcasters*
- > Roger Wilkins, Secretary, Attorney-General's Department, *Lessons for young players in New South Wales and Commonwealth Governments*
- > Professor John McMillan, Commonwealth Ombudsman, *Lessons in public administration*
- > David Van Homrigh, Managing Partner, KPMG; and Dr Russell Smith, Criminologist, Australian Institute of Criminology, *Fraud awareness forum*
- > John Butterworth, CEO, Australian Interactive Media Industry Association (AIMIA), *The digital media landscape in Australia—2009 and beyond*
- > Alison Frame, Area Manager, Centrelink, *Leadership in the APS*
- > Harold Mitchell, Executive Chairman, Mitchell Communications Group, *Digital Australia: an advertising perspective*
- > Michael Cosgrave, General Manager, Communications Group, Australian Competition and Consumer Commission (ACCC), *The ACCC's role in telecommunications regulation*
- > Bruce McQualter, Head of Indigenous Employment and Training, Australia and New Zealand Banking Group Limited; and Jo Gaha, National Manager, Indigenous Services Branch, Centrelink, *Retaining Indigenous employees*

Audience satisfaction with the Talking Heads program as a whole was consistently high during 2008–09 with sessions achieving an average rating of 'very good' or 'excellent' by staff.

INSIGHT

The purpose of the Department's internal newsletter *Insight* is to make staff aware of key priorities and developments in the Department and portfolio. The newsletter also helps connect and educate staff as well as build morale.

Insight continued to be published monthly during 2008–09. Edition 15 (June 2009) was delivered to staff on 1 June 2009.

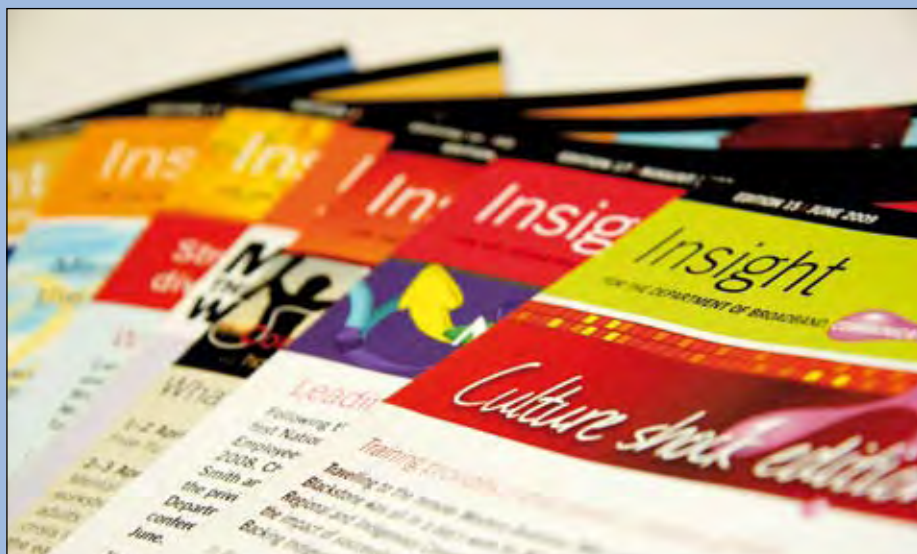
The newsletter has established regular features (staff profiles, a message from the Secretary and a diary of events) to give it some structure. In particular the staff profiles motivate and build morale by recognising the contributions and accomplishments of individual staff as well as exposing staff to the diversity of their colleagues.

Each edition has contributions from staff throughout the Department. This provides the newsletter with a variety of voices and viewpoints, and helps staff feel involved, making them more likely to read it.

The newsletter is a high-quality but cost effective internal communication channel that is well received by staff. Comments from staff have included:

- > 'Fantastic, can't wait to get it each month.'
- > 'The staff profiles are great. They are always interesting.'
- > 'I think it has been good and the slightly more light-hearted approach is always good for staff morale.'

Insight is published on recycled paper and is made available in an accessible format on the Department's intranet for staff with a visual disability.



CAPABILITY DEVELOPMENT

The Department is committed to the development of leadership capability and the job specific skills of all staff.

Core skills

Core skills training programs are provided for all staff and range from induction programs, to topics such as the APS Values and Code of Conduct, ethics, policy development and financial management. During the reporting period, the Department delivered 49 core training programs with 733 participants. These figures represent multiple attendances by individual staff, in particular the Year 12 and university graduate cohorts who are offered significant skill development opportunities, especially during their initial year.

Leadership potential

Capability development programs are available to staff at the APS1–4, APS5–6, EL1 and EL2 levels. These extended programs are tailored to the Department's requirements and focus on developing management and leadership skills. Programs for Executive Level staff, in particular, are challenging and designed to build leadership capability in the feeder group to the senior executive. Seven programs were delivered during the reporting period—one program for APS1–4 levels and two programs for each of the APS5–6, EL1 and EL2 levels. Capability development programs run for between five and seven days and were attended by 125 staff.

As part of the suite of core training programs, the Department delivers a program on understanding the APS Values and the Code of Conduct and a program for managers on leading ethically. The programs form a key component of a comprehensive induction package, which comprises face-to-face information sessions, online resources and key skills training. Over the reporting period, a total of 102 staff completed this training. Values and ethics issues are also addressed as part of other core training courses and capability development programs.

Formal training is complemented by participation in networking events such as *Talking Heads* and EL-led forums and opportunities for short-term reassignments through the Department's staff rotation program.

SES staff are encouraged to participate in service-wide programs and opportunities for broader engagement within the wider APS.

DIVERSITY AND HARASSMENT

The Department is committed to workplace diversity and recognises the value of individual differences and creating an environment that utilises the experience of people with different perspectives and from different backgrounds.

The *Dealing with harassment and bullying 2008–11 Plan* was developed and implemented during the reporting period. In the second half of 2009,

the Department will offer staff training in the management and prevention of harassment and bullying.

During the year, the Diversity and Harassment Committee consulted with staff on the development of the Department's Disability Strategy. The Committee also continued to monitor the ongoing implementation of the *Workplace Diversity Plan 2007–10*.

The number of Diversity and Harassment Contact Officers was increased from three to five to better reflect the demographics of the Department. These contact officers continued their work to promote workplace diversity principles and to provide information and support to managers and staff.

During the reporting period there were seven formal complaints lodged and 13 matters informally discussed with Harassment Contact Officers.

INDIVIDUAL PERFORMANCE MANAGEMENT

The Department's performance management system provides a robust basis for evaluating individual performance, identifying development needs and addressing areas of underperformance.

The system provides a structured format for managers and staff to develop and record a shared and clear understanding of performance expectations and required work outcomes. All ongoing staff and non-ongoing staff employed for three months or more are required to participate in the performance management process.

The process provides a framework for aligning the expectations of staff and managers with the Department's strategic directions and the objectives and commitments outlined in the Portfolio Budget Statements. The process also ensures developmental needs are assessed.

In June 2009, the Department implemented a more streamlined form to be completed by staff in the development of their performance management plan with their supervisor. The design of the new form has received very positive feedback.

The Department also commenced an examination of its arrangements for managing staff underperformance and where possible assisting them to return to fully effective performance. In the coming year the Department will introduce a new initiative, *Improving performance—a fair outcome for all*. The aim of the initiative is to create an environment where managers have the support and confidence they need to tackle underperformance issues.

The Department's terms of employment link part of the annual salary increase to the achievement of pre-conditions. These include payment of a 0.5 per cent increase of annual salary on 95 per cent of staff completing a mid-cycle performance review on time and a further 0.5 per cent increase on 95 per cent of staff completing the end-of-cycle performance assessment. In 2008–09, both pre-conditions were met.

One-off performance bonus payments are available to non-SES staff party to a pre-existing AWA or Common Law contract and to all SES staff. Payment of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance rating and the sliding scale of payment outcomes provided through the AWA, Common Law contract or a determination under subsection 24(1) of the *Public Service Act 1999*.

Movement through the non-SES salary ranges for each classification is also dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being 'fully effective' or higher.

REWARD AND RECOGNITION PROGRAM

The Department celebrates and recognises the exceptional contribution of staff through the Reward and Recognition Program, which includes Australia Day Awards and Secretary and Divisional Awards. The awards aim to foster a more productive and engaged workplace which values staff achievement.

Secretary Awards were presented in July, October and December 2008 and April 2009 and included a total of seven individual awards and eight team awards. A majority of the individual awards were presented for outstanding client service, with the exception of three awards which were presented for outstanding contributions to projects. Team awards were presented for modelling the APS Values, leadership and outstanding client service.

The Department presented two team and three individual Australia Day Awards in 2009. Both team and one of the individual awards were presented for improving the services they provide and the two other individual awards were presented for outstanding contribution to the APS.

WORKFORCE PLANNING

Workforce metrics were extracted and analysed on a quarterly basis throughout the year. Potential risks and key trends are addressed through appropriate human resource strategies to ensure future capability and resourcing, continuity of corporate knowledge and to cope with staff turnover.

As at 30 June 2009, the Department had 638 ongoing and non-ongoing staff compared with 626 at 30 June 2008. The proportion of non-ongoing staff decreased over the 12-month period from 11.5 per cent to six per cent through the substantive filling of vacancies. Detailed staffing statistics are provided in Appendix 5.

OCCUPATIONAL HEALTH AND SAFETY

The Health and Safety Committee reports to the Executive Management Group and to the Workplace Consultative Committee. The primary role of the Committee is to facilitate communications and consultation between management and employees with regard to health, safety and wellbeing matters.

The Committee is chaired by a member of the Department's Senior Executive Service with the Chair's position rotated on a two-yearly cycle. The Chairperson for this reporting period was the Assistant Secretary, Broadcasting and Switchover Policy. The Committee met on four occasions during the reporting period.

The Department's Health and Safety Management Arrangements were reviewed by the Committee and updated in consultation with staff.

In consultation with the Committee, the Department has developed and implemented a Health, Safety and Wellbeing Framework. During the year, a carer's room was established in the Canberra office and Automated External Defibrillators were installed in all buildings occupied by the Department. An Employee Assistance Program continues to be provided and promoted to staff with a number of information sessions held throughout the year.

During the year, 208 staff attended Occupational Health and Safety workshops including most SES and EL2 officers. Strongly supported by the Secretary, the aim of the workshops was to raise awareness of the role and responsibilities of managers in the prevention of workplace injury and illness, including early intervention for psychological and overuse injuries.

One notifiable incident relating to serious personal injury was reported to Comcare during 2008–09.

Compensation

Relatively few work-related injuries were reported in 2008–09. Most injuries were reported under the Comcare category of body stressing. Comcare accepted seven claims in 2008–09, a slight decrease from the 10 claims accepted in 2007–08. The Department's claim frequency is 0.13 claims per \$ million payroll.

The continuation of effective rehabilitation and compensation claim management has seen a continuing reduction in the Department's compensation premium.

The premium over the year was 0.57 per cent, which is significantly lower than the 2007–08 premium of 0.9 per cent and the all agencies rate of 1.25 per cent.

Wellbeing

The Department promotes physical and mental health and achieving work/life balance through its ongoing wellbeing program, *Live, Life, Well*.

In March 2009, the Secretary launched the program which focuses on the physical, mental and social wellbeing of staff. The program includes activities and initiatives that range from user pays meditation courses to Heart Foundation

walking groups and cooking demonstrations. There have also been a range of health seminars covering issues such as Sleep and Fatigue, Quit Smoking and Prostate Cancer awareness.

With the support of the Workplace Consultative Committee the Department promoted its Smoke Free Workplace Policy and introduced a Quit Smoking Assistance program. The program included financial assistance for staff and their immediate family to help with the cost of quit smoking activities such as courses and seminars, nicotine replacement therapies, hypnotherapy and acupuncture. The program was accessed by 16 staff members and three family members from which five employees and one family member had reported as having successfully quit smoking by the end of the reporting period.

A highlight of the *Live, Life, Well* program was a presentation by Mr Jeff Kennett AC, Chair of *beyondblue* who spoke to 300 staff on the impact of depression and the role of the organisation. Following this discussion two Mental Health First Aid courses were offered to staff. Thirty five staff attended the two courses.

OUR TERMS OF EMPLOYMENT

Collective Agreement

The former Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007 in an administrative rearrangement. Employee terms and conditions previously provided by the DCITA Collective Agreement (CA) 2007–10 are preserved by a Determination made by the Public Service Minister on 13 March 2008, under subsection 24(3) of the *Public Service Act 1999*.

The preserved conditions provide salary increases of 4.1 per cent per annum over the three years of the agreement. Of the salary increase, 1.5 per cent is linked to the achievement of pre-conditions including completion of performance management processes and attendance at core training programs. These pre-conditions were met in the reporting period and the salary increase has since been paid to staff effective 1 July 2009.

In order to remain competitive, it is the Department's intention to have a new enterprise bargaining agreement with staff in place prior to 30 June 2010. The new agreement will be negotiated in line with the recently released bargaining framework.

Determinations under Section 24(1) Public Service Act and Other Agreements

Senior Executive Service (SES) conditions and remuneration

Previously, all SES employees in the Department were covered by comprehensive Australian Workplace Agreements (AWAs) that set remuneration, superannuation, performance-based pay and general conditions of service, including executive vehicle arrangements.

In accordance with the Government's policy, AWAs are no longer offered in the Department. Existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*. SES employees new to the Department or new to the SES level now have their terms and conditions of employment set by individual Determinations made under subsection 24(1) of the *Public Service Act 1999*.

Individual non-SES terms and conditions

Non-SES employees previously also had the option of entering into an AWA to provide a range of benefits including access to individualised salary arrangements, performance based pay and a range of non-salary components. These include an allowance for time off in lieu (TOIL) and other individually focused benefits such as a laptop computer and work-related mobile phone.

As is the case for SES employees, AWAs are no longer offered to non-SES employees. Pre-existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*.

Where appropriate, special terms and conditions of employment are currently provided to non-SES employees through the use of Common Law Contracts (CLCs). The CLCs are intended only to supplement the conditions of the Collective Agreement and provide access to non-salary items such as TOIL and higher levels of salary packaging than are available under the Collective Agreement. As at 30 June 2009, 212 non-SES staff were on individual agreements.

The majority of non-SES AWAs and Common Law contracts are at the executive levels.

EQUIPPING OUR STAFF TO DO BUSINESS

There are a range of activities that we undertake to ensure staff are well equipped to deliver our outcome and programs.

INFORMATION, SECURITY, TECHNOLOGY, FACILITIES AND SUPPORT

The Department's information technology environment continued to be reliable in servicing the requirements of the Minister and the Department. A number of key information technology initiatives were undertaken to further improve services. Among these were the new electronic document management system, the review of the Minister's and the Department's websites, the virtualisation of the Department's information technology server fleet, the expansion of desktop video conferencing, and the addition of other communications tools to the desktop. A number of these projects have been successfully completed with others due for completion in the next reporting period.

A secure and separate network was commissioned for use by the National Broadband Network team as they worked in support of the Prime Minister's announcement of future broadband arrangements for Australia.

The Department also upgraded its Masthead Amplifier Television (MATV) distribution system to ensure the Department was able to take advantage of high definition digital television.

The Department's Web Services team worked closely with line divisions to support the public consultation processes in relation to the ABC and SBS triennial funding submissions and the development of the *ABC and SBS: Towards a Digital Future* discussion paper. In support of this work, the team also hosted a blog to facilitate public input. In addition, the team managed and maintained 12 websites. During the reporting period all of these were audited by an independent company to assess the Department's level of compliance to the current accessibility standards. A Statement of Accessibility Conformance has been published on the help page of each audited website.

Asset management

The Department manages non-financial assets in accordance with guidelines set out in the Australian Accounting Standards, Finance Minister's Orders, Chief Executive's Instructions and associated Practical Guides.

The Department prepares a capital plan reflecting Government priorities and ongoing business requirements, ensuring compliance with the Government's financial management framework. Asset acquisitions and disposals are monitored against this plan.

All assets owned by the Department are subject to an annual stocktake. This process is used to update and verify the accuracy of asset records as well as an opportunity to review the condition and ongoing utility of the assets held. Measures to streamline the Department's asset management systems and processes are being implemented.

Assets, including those leased under contract from our various service providers, are maintained through specific maintenance programs. Additional information on the value, acquisition and disposal of assets can be found in the financial statements in this report.

Facilities

During the reporting period, significant efforts were made by the Facilities team to support the general operations of the Department. Departmental buildings were maintained to a high standard, conference and meeting rooms were configured and reconfigured for the various meetings that occurred and office and workpoint relocations were implemented with minimal disruption. The team continued to monitor aspects of the Department's environmental performance and manage the vehicle fleet and the many other services that support the Department.

Security

During 2008–09, the Department's Security team effectively managed the process of acquiring or re-evaluating security clearances for 225 staff. The Department improved its executive oversight of the security clearance process by introducing quarterly reporting of security clearance activity and details of uncleared employees to the Executive Management Group (EMG). The reports enabled the EMG to ensure all employees had appropriate security clearance, had a security clearance process underway or were validly exempted from requiring a security clearance.

Security breaches were monitored carefully by the Secretary and the EMG. During the reporting period, in all instances where a staff member breached the Department's security policy, they were counselled by their branch head. In cases where an individual breached the policy on more than one occasion, the division head counselled the individual and notified the Agency Security Advisor of remedial action taken.

Corporate administrative support

The Department's internal administrative support arrangements changed on 1 June 2009 as part of the organisation restructure. The Department moved to an arrangement where administrative support is provided at a group level rather than a division level. The changed arrangements realised economies of scale savings and enabled resources to be directed to higher priority tasks.

A review of the arrangements will occur in the new reporting period to ensure the new arrangements are operating effectively and continue to be efficient.

PROCUREMENT

During the reporting period the Department continued its efforts to strengthen its procurement and contract management capabilities. As a component of the Department's restructure, a Procurement and Contract Management team was established on 1 June 2009. The new team is tasked with responsibility for ensuring contract management and procurement activity across the Department is undertaken in an efficient, effective and non-discriminatory manner that supports competition and achieves value for money outcomes for the Commonwealth.

Continuing enhancements and process improvements to the Department's online contract document management system (Exari), enhanced the Department's reporting capability and ensures that the Procurement team delivers the latest compliant documents to divisions, including agreements and correspondence.

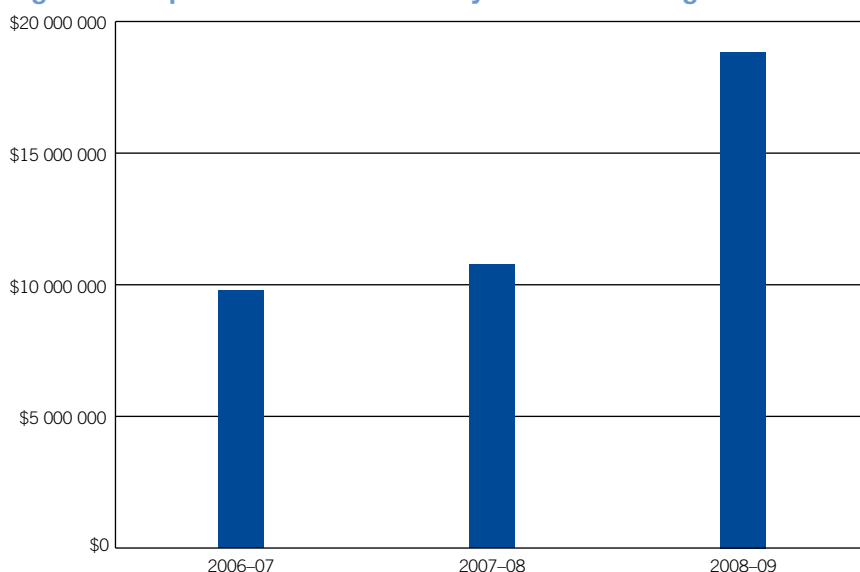
Consultants

Consultants are engaged by the Department to provide specialised professional services either where the Department does not have the capability or capacity to perform in-house or where there is a requirement for independent advice.

During the reporting period 103 new consultancy contracts were entered into involving total actual expenditure of \$7.530 million. In addition, 38 ongoing consultancy contracts were active during the 2008–09 year, involving total actual expenditure of \$11.461 million.

Figure 3.1 presents the Department's expenditure on consultancy contracts over the three most recent financial years. Increased expenditure is as a result of existing contracts delivering the major components of their outcomes during this period and commencement of new contracts of high value.

Figure 3.1 Expenditure on consultancy contracts during 2006 to 2009



Auditor-General access to contractor's premises

In 2008–09, all competitively tendered contracts of \$100 000 or more (inclusive of GST) made provision for the Auditor-General to access the contractor's premises.

Exempt contracts

In 2008–09, there were no contracts or standing offers exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Intellectual property

The Department prepared an Intellectual Property Policy in support of the Commonwealth Intellectual Property Principles for Australian Government Agencies which was approved by the Secretary in December 2008.

CARING FOR THE ENVIRONMENT

The Department has continued its commitment to ecologically sustainable development and environmental performance. In the reporting period, the Department engaged its graduate staff to refresh and improve the internal marketing of its environmental management program. The resultant program, *DBCDE Goes Green*, aims to minimise the adverse impact of the Department's operations on the environment by:

- > reusing and recycling waste and materials consumed by its activities
- > complying with relevant legislation, Government initiatives and policies
- > effectively communicating environmental responsibilities, initiatives and programs
- > encouraging participation in the workplace and promoting awareness of environmental opportunities
- > applying the principles of ecologically sustainable development to capital works projects.

The Department reports its energy consumption annually to the Department of the Environment, Water, Heritage and the Arts for independent assessment, as is the requirement.

Further details of the Department's environmental initiatives and achievements are set out in Appendix 9.



The Department's waste recycling strategy in action.

Departmental organic waste in...

... valuable organic fertiliser out!



4

SECTION 4

APPENDICES 105

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APPENDIX 1

AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOME

Table 4.1 Agency resource statement – 2008–09

	Actual Available Appropriations for 2008–09 \$'000	Payments Made 2008–09 \$'000	Balance Remaining \$'000
	(a)	(b)	(a–b)
Ordinary Annual Services¹			
Departmental appropriation			
Prior year departmental appropriation	75 222	–	75 222
Departmental appropriation	115 224	110 483	4 741
Departmental appropriations reduced (Appropriation Act section 10)	(229)	–	(229)
Repayments to the Commonwealth (FMA Act section 30)	334	334	–
S.31 Relevant agency receipts	4 298	1 001	3 298
Total	194 850	111 818	83 032
Administered items			
Prior year Administered appropriations	375 482	15 862	
Administered appropriations reduced (non CAC) (Appropriation Act section 11)	(358 474)	–	
Outcome 1	209 110	173 712	
Repayments to the Commonwealth (FMA Act section 30)	2 372	2 372	
Payments to CAC Act Bodies	1 049 870	1 049 870	
Total	1 278 360	1 241 816	
Total ordinary annual services	1 473 210	1 353 634	
Other services²			
Departmental non-operating			
Prior year departmental appropriations	625	–	625
Equity injections	303	221	82
Total	928	221	707
Administered non-operating			
Payments to CAC Act Bodies – non-operating	28 836	28 836	
Total	28 836	28 836	
Total other services	29 764	29 057	

	Actual Available Appropriations for 2008-09 \$'000	Payments Made 2008-09 \$'000	Balance Remaining \$'000
Special Appropriations			
Special Appropriations limited by amount			
<i>Financial Management and Accountability Act 1997, section 28(2)</i>		3 234	
Total special appropriations		3 234	
Special accounts			
Opening balance	70		
Non-appropriation receipts to Special Accounts	2 460 877		
Payments made		2 460 947	
Closing Balance			—
Total Resourcing and Payments	3 963 921	3 846 872	

The above statement excludes FMA Act s30A appropriations (appropriations to take account of recoverable GST)

- 1 Appropriation Bill (No.1) 2008-09 and Appropriation Bill (No.3) 2008-09
- 2 Appropriation Bill (No.2) 2008-09 and Appropriation Bill (No.4) 2008-09

Table 4.2 Resources for outcome—2008–09

Outcome 1 – Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians

	Budget* 2008-09 \$'000	Actual 2008-09 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Output Group 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.			
Administered Items			
ABC & SBS Digital Interference Scheme	100	2	98
Australian Broadband Guarantee	85 800	84 183	1 617
Community Broadcasting Foundation	8 607	8 707	(100)
Connect Australia	55 546	44 510	11 036
Cyber-safety	3 790	3 369	421
Digital Television Switchover	6 669	7 346	(677)
E-Security	1 079	1 150	(71)
ICT Centre of Excellence	27 338	27 338	-
International Organisations Contributions	5 388	5 720	(332)
National Transmission Network Residual Funding Pool	670	721	(51)
Regional Equalisation Plan	1 300	300	1 000
Telecommunications Action Plan for Remote Indigenous Communities	283	280	3
Telecommunications Consumer Representation and Research	1 500	1 363	137
Television Black Spots Program – Alternative Technical Solutions	600	-	600
Television Towers	850	308	542
Departmental Outputs			
Departmental Appropriations	115 224	117 075	(1 851)
Revenues from other sources	1 520	1 986	(466)
Special Accounts			
Opening balance	70	70	-
Non-appropriation receipts to Special Accounts ¹	91 946	104 457	(12 511)
Subtotal for Output Group 1.1	408 280	408 885	(605)

	Budget* 2008-09 \$'000	Actual 2008-09 \$'000	Variation \$'000
Total for Outcome 1	408 280	408 885	(605)
Departmental	116 814	119 131	(2 317)
Administered	291 466	289 754	1 712
Average staffing level (number)	608		

* Full-year budget, including any subsequent adjustment made to the 2008-09 Budget

¹ These amounts include non-appropriation receipts from interest earned on the investments of the Communications Fund and transfers from the Building Australia Fund to the BAF Communications Portfolio Special Account.

APPENDIX 2 PARLIAMENTARY COMMITTEES

The Department's involvement in the following Parliamentary Committees ranged from preparing or providing input to Australian Government responses, to appearing before and making written submissions to committees.

SENATE STANDING COMMITTEE ON ENVIRONMENT, COMMUNICATIONS AND THE ARTS

Inquiry into the Broadcasting Legislation Amendment (Digital Radio) Bill 2008

On 25 September 2008, the Senate referred the Broadcasting Legislation Amendment (Digital Radio) Bill 2008 to the Committee for inquiry and report. On 8 October 2008, the Department provided a confidential submission to the inquiry, following a request from the Committee to respond to issues raised by Commercial Radio Australia. The Committee's report was tabled on 13 October 2008. The Committee recommended that the Bill be passed.

The Bill was passed on 23 October 2008 and received Royal Assent on 31 October 2008.

Inquiry into the Broadcasting Legislation Amendment (Digital Television Switch-over) Bill 2008

On 25 September 2008, the Senate referred the Broadcasting Legislation Amendment (Digital Television Switch-over) Bill 2008 to the Committee for inquiry and report by 25 November 2008. On 24 October 2008, the Department provided the Committee with a submission on the Bill. The Committee held public hearings on 12 November 2008 at which the Department appeared, upon invitation from the Committee. The Committee's report was tabled on 25 November 2008. The Committee recommended that the Bill be passed.

The Bill was passed on 4 December 2008, with an amendment by the Senate, agreed to by the Government, that requires the Minister to report quarterly on digital transmission blackspots. The Bill received Royal Assent on 18 December 2008.

The reporting of sports news and the emergence of digital media

The Senate Environment, Communications and the Arts Committee published its report on its inquiry into the reporting of sports news and the emergence of digital media on 14 May 2009. The report included five recommendations.

As at 30 June 2009, the Department was coordinating the development of a Government response to the report in consultation with relevant agencies.

SENATE STANDING COMMITTEE ON REGULATIONS AND ORDINANCES

Australian Postal Corporation Amendment Regulations 2008 (No.1)

The Committee wrote to the Minister for Broadband, Communications and the Digital Economy on 19 June 2008 to advise him of its view that it sees value in the amendment either specifying a retention period or identifying practices which would govern record retention in relation to the records required to be kept by state and territory government agencies engaged in the inspection of interstate mail for quarantine purposes.

The Minister wrote to the Committee on 18 August 2008 to assure it that adequate arrangements are in place for the proposed retention of records. On 28 August 2008, the Committee advised that the Minister's advice had answered its concerns.

SENATE SELECT COMMITTEE ON THE NATIONAL BROADBAND NETWORK

On 25 June 2008, the Senate established the Committee to 'inquire into and report on the Government's proposal to partner with the private sector to upgrade parts of the existing network to fibre to provide minimum broadband speeds of 12 megabits per second to 98 per cent of Australian homes and businesses on an open access basis'. The Department appeared before the Senate Select Committee on 8 October 2008 and 4 March 2009. The Committee provided two interim reports, which were tabled on 2 December 2008 and 12 May 2009.

On 7 April 2009, the Government announced that it had terminated the previous Request for Proposals process, replacing it with an initiative that would connect 90 per cent of Australian homes, workplaces and schools with fibre-to-the-premise, and would connect all other premises in Australia with next generation wireless and satellite technologies, ensuring every Australian house, school and workplace can access fast affordable broadband.

Consequently, on 14 May 2009, the Senate revised the terms of appointment of the Committee, reflecting the change in the Government's policy direction and allowing the Committee to effectively continue and complete its inquiry into the National Broadband Network. The revised Terms of Reference can be found at www.aph.gov.au/Senate/committee/broadband_ctte/tor.htm. On 14 May 2009, the Senate revised the terms of appointment of this Committee and called for new submissions that directly related to these changes by 3 July 2009. Following consideration of submissions the Committee will hold public hearings.

The Committee's final report is expected to be tabled on 23 November 2009.

SENATE STANDING COMMITTEE ON REGULATIONS AND ORDINANCES

Telecommunications (National Broadband Network) Determination under subsection 531H(4) 2008 (No. 1) and the Telecommunications (National Broadband Network—Restricted Recipients and Storage, Handling and Destruction of Protected Carrier Information) Rules 2008 (No. 1)

On 4 September 2008, the Committee Chair wrote to the Minister seeking advice as to the intended meaning and operation of the phrase ‘duly and punctually’ in Schedule 1 to the *Telecommunications (National Broadband Network) Determination under subsection 531H(4) 2008 (No. 1)* and the *Telecommunications (National Broadband Network—Restricted Recipients and Storage, Handling and Destruction of Protected Carrier Information) Rules 2008 (No. 1)*. The Committee was concerned that the meaning of the words could give rise to dispute in particular situations.

The Department prepared a response from the Minister to the Committee.

The Committee advised the Minister on 13 November 2008 that the advice provided had answered its concerns.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON COMMUNICATIONS

Inquiry into cyber crime

On 18 May 2009, the Minister for Broadband, Communications and the Digital Economy asked the House of Representatives Standing Committee on Communications to inquire into and report on the nature and incidence of cyber crime in Australia. Submissions to the inquiry were due on 26 June 2009.

The Department provided a written submission to the Committee on 8 July 2009. The Committee will table its report in 2009–10.

Phoning Home—Inquiry into International Mobile Roaming

On 29 May 2008, the Minister for Broadband, Communications and the Digital Economy asked the House of Representatives Standing Committee on Communications to inquire into and report on international mobile roaming.

The Department provided a submission to the Committee on 15 August 2008. The Department appeared before the Committee on 24 September 2008 and gave evidence to assist in the inquiry.

The Committee tabled its report on 19 March 2009. The Committee made five recommendations aimed at improving prices and competition in the international mobile roaming market and to encourage increased consumer information and awareness.

The final report was tabled in Parliament on 9 September 2009.

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Inquiry into Australia's Relationship with the Association of Southeast Asian Nations (ASEAN)

On 25 June 2008, the Minister for Foreign Affairs, the Hon Stephen Smith, asked the Committee to inquire into and report on Australia's relationship with ASEAN.

The Department provided a written submission to the Committee on 22 August 2008. The Department appeared before the Committee to give evidence to assist the inquiry on 2 October 2008. As at 30 June 2009, the Committee had not tabled its report.

SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Inquiry into the Major Economic and Security Challenges Facing Papua New Guinea and the island states of the southwest Pacific

On 24 June 2008, the Senate Standing Committee on Foreign Affairs, Defence and Trade announced that it would inquire into the major economic and security challenges facing Papua New Guinea and the island states of the southwest Pacific.

The Department provided a written submission to the Committee on 26 August 2008. Two departmental officers appeared before the Committee on 20 November 2008 to give evidence to assist in the inquiry. As at 30 June 2009, the Committee had not tabled its report.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON PETITIONS

Telstra services on the NSW Central Coast

On 19 March 2008, the Federal Member for Robertson, Ms Belinda Neal MP, tabled a petition in Parliament concerning Telstra mobile phone coverage on the NSW Central Coast. The Department gave evidence at the Committee's public hearings on 24 September 2008. The Department provided a submission on 19 November 2008 that addressed questions on notice from the Committee.

ABC radio service in Nannup, WA

On 2 September 2008, Ms Nola Marino MP, Member for Forrest (WA) tabled a petition in the House of Representatives regarding the program content of the ABC Local Radio service broadcast in Nannup, Western Australia. On 4 September 2008, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 24 September 2008.

On 24 September 2008, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

Community radio broadcasting in central Victoria and Goldfields Community Radio in Bendigo

On 22 September and 20 October 2008, Mrs Julia Irwin MP, Member for Fowler (NSW) tabled petitions in the House of Representatives regarding the ongoing availability of spectrum (channels) for community radio broadcasting in central Victoria. In October 2008, Mrs Irwin, in her capacity as Chair of the Standing Committee on Petitions, wrote to the Minister seeking a written response to the issues raised in the petitions. The Minister provided a response on 22 November 2008.

Information about these petitions can be viewed on the webpages of the Standing Committee on Petitions at www.aph.gov.au/house/committee/petitions.

APPENDIX 3 EXTERNAL SCRUTINY

The Australian National Audit Office (ANAO) issued four reports of relevance to the Department in 2008–09. Three reports required the direct participation of the Department. The fourth report was of special interest to the Department.

2008–09 DIRECT PARTICIPATION

Report No. 42 Interim Phase of the Audit of Financial Statements of the General Government Sector Agencies for the Year ending 30 June 2009

Tabled: Tuesday, 23 June 2009

This report presented the results of the interim phase of the 2008–09 financial statement audits of all portfolio departments and other major General Government Sector agencies. The purpose of this report was to provide assurance to Parliament that the systems, controls and processes in place were operating in a way that allowed agencies to prepare financial statements that accurately report their financial performance and position at year end.

The factors that contributed to the risk assessment on which the financial statement audit was focused, included program management and grant and subsidies processing and management. There were no significant or moderate risk issues identified during the 2008–09 interim audit. Testing confirmed that the Category B finding from the 2007–08 final audit, related to weaknesses in reporting expenses and accruals for broadband subsidy programs, had been addressed.

The Department's key internal controls were operating satisfactorily to provide reasonable assurance that the Department will be able to produce financial statements free of material misstatement.

Report No. 14 Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2008

Tabled: Wednesday, 17 December 2008

The *Auditor-General Act 1997* established the mandate for the Auditor-General to undertake financial statements audits of all Commonwealth entities including those of Government agencies, statutory authorities and government business enterprises.

Financial statement audits are an independent examination of the financial accounting and reporting of public sector entities. This report complements the interim report and provides a summary of the final audit results of the financial statements of all Australian Government entities.

The ANAO identified that the Department had been unable to provide evidence of a transactional banking agreement which fulfilled the requirements of the *Financial*

Management and Accountability Act 1997 and the Agency Banking framework during the 2007–08 interim audit phase.

The Department had also overdrawn its bank accounts on 15 occasions and it was noted by the ANAO that there were instances where the debit balance was not adjusted the following working day.

This audit finding had been resolved by the formal agency banking agreement with the Department's transactional banker in July 2008 and procedures were implemented that provide for any overdrawn balances to be adjusted on the following working day.

There were no significant or moderate audit issues identified in non-material entities within the portfolio in 2007–08.

Report No. 3 Establishment and Management of the Communications Fund

Tabled: Tuesday, 23 September 2008

The objective of the audit was to assess the effectiveness of the management and administration of the Communications Fund. The development and implementation of appropriate investment strategies and robustness of the governance structures and controls were assessed by the ANAO.

There were two findings in this audit report:

- > The ANAO recommended that, in future circumstances where it was proposed to seek legislative authority for the purchase of investments with higher risk than those permitted under the *Financial Management Act 1997* framework, agencies
 - assess the benefits and risks of the proposed approach so as to provide well-informed advice to the Government
 - consult with the Department of the Treasury and the Department of Finance and Deregulation.
- > ANAO recommended that, in future circumstances where agencies are seeking investment advice for asset funds, they provide
 - the selected advisor with a clear statement as to the parameters within which the funds are to be invested and accessed
 - Ministers with advice that addresses the merits of possible investment approaches.

Both recommendations were agreed by the Agencies involved.

2008–09 SPECIAL INTEREST

Report No. 25 Green Office Procurement and Sustainable Office Management.

Tabled: Wednesday, 11 March 2009

The focus of this audit was to assess and report on the progress being made by Government agencies in achieving better practice in green office procurement and sustainable office management. As part of the Audit 63 agencies were included in the audit survey and detailed validation was carried out in nine of these agencies.

The ANAO made seven recommendations designed to assist agencies in meeting the Government's stated expectations in sustainable development and promote better practice.

The draft report was sent to 22 agencies, being subject of findings, for comment. All agencies that responded were generally supportive of, and agreed to all recommendations. Some agencies however, commented on the constraints imposed by the existing standard of available building stock and the period of nominal occupancy for existing leases. Cost and resource implications of undertaking some measures were also referred to.

There were seven recommendations contained in this report and these did not require direct action by the Department but were monitored.

APPENDIX 4 LEGISLATION AND STATUTORY INSTRUMENTS

Major legislation requiring significant input from the Legal Services Group during the year is set out below.

Broadcasting Legislation Amendment (Digital Radio) Act 2008

This Act amends the *Broadcasting Services Act 1992* and the *Radiocommunications Act 1992* to extend the deadline for commercial broadcasters to commence digital radio services in the mainland state capital cities by six months to 1 July 2009, to remove the requirement for commercial broadcasters to commence digital radio services in Hobart by the extended deadline of 1 July 2009, and to retain an option for community radio stations to take up shares in the joint venture companies managing the transmission of digital radio services.

Broadcasting Legislation Amendment (Digital Television Switch-over) Act 2008

This Act amends the *Broadcasting Services Act 1992* to allow the simulcast period for particular licence areas to be shortened, and allow for different analog switchoff dates within a single licence area. The Act also confirms the timing of two statutory reviews to reflect the Government's policy that switchover be completed by the end of 2013.

Telecommunications Amendment (Integrated Public Number Database) Act 2009

This Act amends the *Telecommunications Act 1997* to allow information contained in the Integrated Public Number Database to be disclosed and used in connection with the provision of telephony-based emergency warnings, and for the supply of Location Dependent Carriage Services.

Telecommunications Legislation Amendment (National Broadband Network Measures No. 1) Bill 2009

This Bill amends the *Telecommunications Act 1997* to establish a regime to provide the Commonwealth with access to network information held by telecommunications carriers and other utilities for purposes related to the planning and roll-out of the National Broadband Network.

Statute Stocktake (Regulatory and Other Laws) Bill 2009

The Department provided significant input into the compilation of this legislation which amends a number of Commonwealth Acts to remove regulation which no longer has any function or purpose. Portfolio legislation amended in the Bill includes the *Telecommunications (Consumer Protection and Service Standards) Act 1999*, the *Telecommunications Act 1997*, the *Telecommunications (Universal Service Levy) Act 1997*, the *Telstra Corporation Act 1991*, the *Broadcasting Services Act 1992*, and section 151CM of the *Trade Practices Act 1974*.

The purpose of the Bill is to reduce costs incurred by business in understanding and complying with outdated regulatory requirements, giving effect to the Government's commitment to reduce the level of poorly designed and ineffective regulation on Australian business.

Telecommunications (National Broadband Network—Restricted Recipients and Storage, Handling and Destruction of Protected Carrier Information) Rules 2008 (No. 1)

These Rules provide restricted recipients rules for the purposes of subsection 531N(1) of the *Telecommunications Act 1997* and rules relating to the storage, handling and destruction of protected carrier information for the purposes of subsection 531P(1) of the Act.

Telecommunications (National Broadband Network) Determination under subsection 531H(4) 2008 (No. 1)

This Determination provides a number of conditions for the purposes of paragraph 531H(4) of the *Telecommunications Act 1997*.

Telecommunications (National Broadband Network—Designated Information) Determination 2008 (No. 1)

This Determination specifies the information to be provided by specified carriers to an authorised information officer for the purposes of paragraph 531C(1)(a) of the *Telecommunications Act 1997* and the form in which it is to be provided.

Broadcasting Services (Anti-Siphoning Monitoring) Direction (No. 1) 2005 (Amendment No. 1 of 2008)

This Direction amends the Broadcasting Services (Anti-Siphoning Monitoring) Direction (No. 1) 2005 by revoking clause which required the Australian Communications and Media Authority to investigate and periodically report on its findings to the Minister in relation to the operation of the anti-siphoning provisions of the *Broadcasting Services Act 1992*.

Carrier Licence Conditions (Telstra Corporation Limited) Declaration 2007 (Amendment No. 1 of 2008)

This Declaration amends the Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 to remove the obligation under clause 12 which is no longer required as a result of the revocation of the Digital Data Service Provider Declaration 1999 (No. 1).

Digital Data Service Provider Declaration Revocation 2008 (No. 1)

This Declaration revokes the Digital Data Service Provider Declaration 1999 (No. 1).

Telecommunications Amendment Regulations 2009 (No. 1)

The Regulations amend the Telecommunications Regulations 2001 to describe circumstances in which disclosure or use of information or a document, consisting of, or relating to information contained in an integrated public number database, would be permitted.

Radiocommunications (Duration of Community Television Transmitter Licences) Determination (No. 1) 2008

This Determination extends the expiry date for transmitter licences related to community television licences until 31 December 2013.

Universal Service Subsidies (2008–09 Extended Zones) Determination (No. 1) 2008

This Determination sets the subsidies available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the Extended Zones universal service area for the 2008–09 claim year.

Universal Service Subsidies (2008–09 Contestable Areas) Determination (No. 1) 2008

This Determination sets the subsidies available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the contestable universal service area for the 2008–09 claim year.

Universal Service Subsidies (2008–09 Default Area) Determination (No. 1) 2008

This Determination sets the subsidies available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the default universal service area for the 2008–09 claim year.

Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005 (Amendment No. 1 of 2009)

This Determination amends the Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005 to extend the expiry date of the price control arrangements from 30 June 2009 to 30 June 2010. Similarly the rollover provisions under clause 30 of the original Determination are extended by a further 12 months so that the relevant clauses continue to apply in the 2010–11 financial year.

APPENDIX 5
STAFFING STATISTICS

Table 4.3 Full-time and part-time staff—30 June 2009

Ongoing employees			Non-Ongoing employees				Total
Full-time		Part-time		Full-time		Part-time	
Male	Female	Male	Female	Male	Female	Male	Female
243	301	10	46	16	15	1	4
						2	638

Note: These figures include staff employed by the Department as at 30 June 2009. Inoperative staff have been excluded including temporary reassignment of duties into the agency. These figures include the Department's Secretary.

*Inoperatives are defined as those staff who were recorded as being on leave without pay as at 30 June 2009 for a total period greater than 13 weeks.

Table 4.4 Staff by classification groups and location—30 June 2009

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC1	Grand Total
ACT	14	19	13	65	80	116	176	91	25*	10	2	1	612
NSW							8	5	2		1		26
Grand Total	14	19	13	67	80	124	184	96	27	10	3	1	638

Note: These figures indicate ongoing and non-ongoing staff employed by the Department as at 30 June 2009. Inoperative staff have been excluded. Classifications with local designations, for example Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. These figures include the Department's Secretary.

* 1 SESB1 on long service leave prior to retirement

Table 4.4 Senior Executive Service (SES) staff—30 June 2009

	Female	Male	Total
SESB1	10	17*	27
SESB2	2	8	10
SESB3		3	3
Total	12	28	40

Note: These figures reflect nominal occupancy and do not include acting arrangements. Inoperative staff have been excluded.

* 1 SESB1 on long service leave prior to retirement

Table 4.5 Staff in EEO groups—30 June 2009

Male	Female	Total Staff	DCLB	ATSI	PWD
272	366	638	107	5	26
42.6%	57.4%	100%	24.24%	1.1%	5.8%

KEY TO TABLE

DCLB: People from diverse linguistic backgrounds (first generation or second generation) backgrounds.

ATSI: Aboriginal and/or Torres Strait Islander peoples.

PWD: People reporting a disability.

Table 4.6 Number of staff on individual arrangements or Collective Agreement—30 June 2009

Classification	Individual Arrangements*	Collective Agreement	Total
SES	40	0	40
EL2	70	26	96
EL1	111	73	184
APS1-6	31	286	317
Total	252	385	637

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table excludes allinoperative staff.

*Includes Australian Workplace Agreements, Common Law Contracts and section 24(1) Determinations.

Australian Workplace Agreements in place for SES and non-SES staff, Common Law Contracts in place for non-SES staff and section 24(1) Determinations are in place for non SES and SES staff.

Table 4.7 Salary range of employees 2008–09

Classification	Collective Agreement Salary Range (\$)		Individual Arrangements* Salary Range (\$)	
	Lowest	Highest	Lowest	Highest
APS1	36 892	40 512	N/A	N/A
APS2	41 504	41 504	N/A	N/A
APS3	47 203	50 997	N/A	N/A
APS4	52 907	57 179	N/A	N/A
APS5	58 985	63 529	N/A	N/A
APS6	63 309	72 875	78 025	78 080
EL1	79 065	99 342	79 065	102 322
EL2	91 146	112 231	91 146	132 862
SES	N/A	N/A	120 000	229 020

Note: Part-time salaries have been annualised to full-time for comparison. This table excludes all inoperative staff. Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

*Includes Australian Workplace Agreements in place for SES and non SES staff, Common Law Contracts in place for non-SES staff and section 24(1) Determinations in place for SES staff.

Table 4.8 Performance payments 2008–09

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	24	315 829.60	12 159.57	2 451.15	27 617.85
EL2	54	414 196.76	7 670.31	3 144.46	15 800.16
APS1–EL1	81	491 996.25	6 074.03	936.89	13 557.75
Total	159	1 222 022.61			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

This table includes all staff who received a performance payment for 2008-09 (includes terminated and inoperative staff as at 30 June 2009).

Table 4.9 Performance payments for 2007–08, paid in 2008–09

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	2	9 936.49	4 968.25	2 451.15	7 485.34
EL2	1	9 235.44	9 235.44	9 235.44	9 235.44
EL1	4	12 702.16	3 175.54	2 782.35	3 567.62
Total	7	31 874.09			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

APPENDIX 6 FREEDOM OF INFORMATION

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act) and is correct as at 30 June 2009.

Section 8 of the FOI Act requires each agency to publish detailed information about its functions, decision-making powers that affect the public, and arrangements for public involvement in the formulation of policy and work of the agency. Agencies are also required to publish the categories of documents held by the agency and details of how members of the public can access the documents.

ORGANISATION AND FUNCTIONS

Information about the organisation and functions of the Department is contained in the Overview and Management and Accountability sections of this annual report. Information can also be found on the Department's internet site at www.dbcde.gov.au.

DECISION-MAKING POWERS

Decision-making powers of the Department and/or the Minister that may affect members of the public are exercised under, or in relation to, the following Acts or other instruments made under those Acts that are administered by the Minister:

- > *Australian Broadcasting Corporation Act 1983*
- > *Australian Communications and Media Authority Act 2005*
- > *Australian Postal Corporation Act 1989*
- > *Broadcasting Services Act 1992*
- > *Datacasting Charge (Imposition) Act 1998*
- > *Datacasting Transmitter Licence Fees Act 2006*
- > *Do Not Call Register Act 2006*
- > *Interactive Gambling Act 2001*
- > *National Transmission Network Sale Act 1998*
- > *NRS Levy Imposition Act 1998*
- > *Radiocommunications Act 1992*
- > *Radiocommunications (Receiver Licence Tax) Act 1983*
- > *Radiocommunications (Spectrum Licence Tax) Act 1997*
- > *Radiocommunications Taxes Collection Act 1983*
- > *Radiocommunications (Transmitter Licence Tax) Act 1983*
- > *Radio Licence Fees Act 1964*
- > *Spam Act 2003*
- > *Special Broadcasting Service Act 1991*
- > *Telecommunications Act 1997*
- > *Telecommunications (Carrier Licence Charges) Act 1997*

- > *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- > *Telecommunications (Numbering Charges) Act 1997*
- > *Telecommunications (Universal Service Levy) Act 1997*
- > *Television Licence Fees Act 1964*
- > *Telstra Corporation Act 1991*
- > *Trade Practices Act 1974*, Parts XIB and XIC

ARRANGEMENTS FOR OUTSIDE PARTICIPATION AND PUBLIC INVOLVEMENT

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's telecommunications, broadcasting, communication technology sectors, and the digital economy. Information about issues on which the Department is currently consulting is available on the Department's website at www.dbcde.gov.au/consultation_and_submissions.

The Department has an ongoing involvement with various external bodies, several of which are listed below. These may also play a role in consulting with the community and industry:

- > Australian Communications Consumer Action Network
- > Australian Community Television Association
- > Australian Mobile Telecommunications Association
- > Australian Subscription Television and Radio Association (ASTRA)
- > Australian Telecommunications User Group
- > Australian Community Broadcasting Foundation
- > Commercial Radio Australia
- > Communications Alliance
- > Community Broadcasters Association of Australia
- > Cyber-safety Working Group and Youth Advisory Group
- > Free TV Australia
- > Internet Industry Association
- > Online and Communications Council including its working groups (National Broadband Development Group, Indigenous Communications Group and Digital Economy Group)

CATEGORIES OF DOCUMENTS

The Department has extensive documentary holdings, in print copy and electronic form. Certain categories of documents are common throughout the Department. These include:

- > documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents
- > Cabinet submissions and memoranda
- > ministerial briefings
- > records of representations to the portfolio ministers and of other applications for advice and assistance
- > reference material used by staff including guidelines and manuals
- > specialist advice such as advice on legal, commercial, technical and economic matters.

The subject matter of departmental records includes the following:

National Broadband Network Implementation

- > National Broadband Network Request for Proposals process
- > National Broadband Network implementation
- > Regional Backbone Blackspots Program
- > Tasmanian Network Implementation
- > NBN Co

Networks Policy and Regulation

- > Telecommunications, radiocommunications and spectrum policy, legislation and regulation
- > National broadband network policy, legislation and regulation
- > International Telecommunications—bilateral and multilateral arrangements
- > Communications critical infrastructure protection
- > Internet Governance

Broadcasting and Digital Switchover

- > Broadcasting policy and development of regulation
- > Commercial, national, subscription and community broadcasting services, and subscription and open narrowcasting services
- > Digital television switchover
- > Digital radio
- > Television Towers Program
- > Media ownership
- > Anti-siphoning regulation and anti-siphoning list
- > Regional Equalisation Plan
- > Website information—frequently asked questions about digital television

Digital Economy and Services

- > Digital economy policy development
- > Digital economy and climate change
- > Communications convergence issues
- > ICT Centre of Excellence Program—National ICT Australia
- > Australian Broadband Guarantee
- > Clever Networks
- > Digital Regions Initiative
- > Next Generation Networks
- > Online and Communications Council
- > Online and Communications Council Standing Committee
- > National Broadband Development Group
- > Digital Economy Group
- > Indigenous Communications Group
- > Community connectivity
- > Non-profit sector and ICT issues including an e-strategy guide for non-profit organisations and the development of a model for a national non-profit ICT coalition
- > Broadband development policy
- > Digital economy skills
- > Digital economy literacy
- > Cyber-safety and online content policy and programs
- > Cyber-safety Working Group and Youth Advisory Group
- > Interactive gambling
- > Critical infrastructure protection—cyber security component
- > Online legal and regulatory framework, including spam and internet domain names, e-security and trust issues including awareness raising, IT security skills, e-security research and development, authentication, phishing and spyware
- > Online content policy and legislation
- > Copyright issues relevant to the digital economy
- > Protecting Families Online Program
- > Telecommunications and radiocommunications policy, legislation and regulation
- > Connect Australia Programs
- > Communications Fund
- > Do Not Call Register
- > Postal policy, legislation and regulation including:
 - Universal Postal Union and Asian-Pacific Postal Union
 - Maintaining international linkages and institutional frameworks through the ITU, APT, APEC, OECD, ICANN, World Trade Organisation and other relevant multilateral forums

- International communications—bilateral and multilateral arrangements
- Australia Post—corporate accountability
- > Telecommunications Service Inquiry and implementation of Government's response
- > Consumer Representation Grants Program
- > Regional Telecommunications Inquiry and implementation of Government's response
- > Regional Telecommunications Review and implementation of Government's response
- > Regional Telecommunications Inquiry community information campaign
- > Backing Indigenous Ability Telecommunications Program, and transition to Indigenous Communication Program
- > Satellite Phone Subsidy Scheme

Corporate and Business

- > Human resource management policy and operations
- > Financial and budget management
- > IT and facilities management
- > Procurement services
- > Corporate governance
- > Risk management
- > Intellectual property policy
- > Fraud control
- > Business planning
- > Performance reporting
- > Business improvement
- > Client service
- > Staff engagement
- > Reconciliation
- > Legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals
- > Freedom of information requests
- > Ombudsman complaints
- > Privacy complaints
- > Documents relating to the drafting of legislation and contracts the Department's response to deregulation initiatives

MANUALS

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list, which is correct as at 30 June 2009, is available on request from the Department's Freedom of Information (FOI) Officer (see below for contact details), any office of the National Archives of Australia (NAA), or the NAA website at www.naa.gov.au/about-us/organisation/reporting/foi-statements.aspx.

ACCESS TO RECORDS UNDER THE FOI ACT

Members of the public are entitled to apply for access to documents held by the Department under the FOI Act. In many cases, the FOI Act may not need to be used. If the documents being sought are publicly available they may be accessible through the Department's website at www.dbcde.gov.au, by email to media@dbcde.gov.au, or by telephoning the media inquiries line on 02 6271 1777.

Decisions on granting access to documents under the FOI Act are made by the Senior Executive Service officer responsible for the work area to which the subject matter of a request relates. Access is usually provided in the form of copies of documents. Alternatively, the Department can provide a reading area for the inspection of documents made available under the FOI Act.

To apply for access to documents under the FOI Act, members of the public should make a request in writing to the Department or the relevant portfolio agency and enclose the \$30 application fee. The Department will also accept applications made by way of facsimile or email (see FOI Officer contact details below), provided the relevant fee is subsequently forwarded to the Department. Cheques and money orders should be made payable to the Department of Broadband, Communications and the Digital Economy. The Department's website includes additional information about fees and processing charges, including requests for their remission.

When making an FOI request, applicants should give as much information as they can to enable the Department to identify the documents being sought and include an address in Australia to which notifications can be posted. It is useful to also include contact details such as a telephone number and/or email address to allow officers processing the request to contact an applicant if any clarification is required. FOI requests for the Department should be addressed to:

FOI Officer
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601

The Department's FOI Officer can help with this process, and can be contacted by telephone on 02 6271 1741, by fax on 02 6271 1012, or by email at foi@dbcde.gov.au.

Portfolio agencies, listed in the Overview section, are part of the Broadband, Communications and the Digital Economy portfolio but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly on the details provided in the Overview section.

APPENDIX 7 ADVERTISING AND MARKET RESEARCH

A total of \$4 986 533.15, consisting of payments of greater than \$10 900 (inclusive of GST), was paid by the Department during the year to:

- > advertising agencies
- > market research organisations
- > polling organisations
- > direct mail organisations
- > media advertising organisations.

Table 4.10 Advertising agencies

Organisation name	Purpose	Amount of payment
Universal McCann	Media Buy and Brochure Translation	\$3 567 286.26
Total Advertising Agencies		\$3 567 286.26

Table 4.11 Media Advertising Organisations

Organisation name	Purpose	Amount of Payment
HMA Blaze Pty Ltd	Newspapers invitation for submissions for the ABC SBS Review public consultation process	\$12 745.63
HMA Blaze Pty Ltd	Publication of staff vacancies	\$13 227.82
HMA Blaze Pty Ltd	Publication of staff vacancy—SES	\$16 063.88
HMA Blaze Pty Ltd	Advertising for expression of interest for regional E-Security Awareness activities	\$18 664.22
HMA Blaze Pty Ltd	Advertising for 15 year license consultancy (RFT)	\$19 968.26
Avant Cards	Printing & Distribution of National E-security Awareness Week 2008 Postcard	\$21 015.50
Avant Cards	Printing of Postcards for National E-security Awareness Week 2009	\$21 450.00
HMA Blaze Pty Ltd	Call for Public Submissions in various papers	\$21 770.96
HMA Blaze Pty Ltd	Advertising costs for Request for Tender for the valuation of the 15 year spectrum licence	\$24 060.34
HMA Blaze Pty Ltd	Newspaper and radio advertising regarding ABC and SBS public consultations	\$31 439.21
HMA Blaze Pty Ltd	Satellite Phone Subsidy Scheme Advertising 2008	\$40 450.18
HMA Blaze Pty Ltd	Radio and Press advertising for Satellite Phone Subsidy 2009–10	\$49 207.69
HMA Blaze Pty Ltd	ABC and SBS Board Appointments—Advertising	\$85 290.94
Total Media Advertising Organisations		\$375 354.63

Table 4.12 Market Research Organisations

Organisation name	Purpose	Amount of Payment
Adelaide Research & Innovation	To undertake an external review of datasets generated by the Department, to project the number of Australian premises over the next 15 years	\$15 000.00
eMarketer Inc	Online statistical data subscription	\$27 573.53
Market Clarity	Purchase of Australian Telecom Infrastructure Atlas—Complete Atlas (341 Maps)	\$33 000.00
Wallis Consulting Group Pty Ltd	Client Services Charter satisfaction annual survey for 07 August 2009	\$53 516.45
Orima Research	ABG—Research Survey	\$164 120.00
Orima Research	Communication Research for the Digital Switchover Taskforce Information & awareness campaign	\$750 682.28
Total Market Research Organisations		\$1 043 892.26

APPENDIX 8 GRANTS

On 9 December 2008, the Minister for Finance and Deregulation announced a number of reforms relating to the reporting of grant program expenditure effective from 1 January 2009. As a result, for 2008-09, reporting is as follows:

- > for the period 1 July 2008 to 31 December 2008, discretionary grants only
- > for the period 1 January 2009 to 30 June 2009, all grants.

1 JULY 2008 TO 31 DECEMBER 2008

- > Community Broadcasting Foundation
 - Core Support
 - Targeted Support
 - Transmission Support
 - National Training Program
 - Australian Music Radio Airplay Project
 - Licensees Transmission support
- > National Transmission Network Residual Funding Pool
- > Backing Indigenous Ability Program
- > Establishment of Australian Communications Consumers Action Network
- > Community Broadcasting Foundation Program—Technical Planning and Policy Implementation consultancy for community digital radio

Information on discretionary grants awarded between 1 July 2008 and 31 December 2008 is available at www.dbcde.gov.au/grantsreporting.

1 JANUARY 2009 TO 30 JUNE 2009

- > Australian Communications Consumer Action Network Establishment and Research Grant
- > National Transmission Network Residual Funding Pool
- > Cyber-safety: ISP filtering live pilot
- > Indigenous Communications Program
- > E-security National Agenda
- > Television Towers
- > Community Broadcasting Program
- > Consumer Representation Grants Program

Information on grants since 1 January 2009 is available at www.dbcde.gov.au/grantsreporting.

APPENDIX 9 ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The Department has continued its commitment to ecologically sustainable development and environmental performance aimed at minimising the effect that the Department's daily activities have on the environment by promoting:

- > reusing and recycling waste and materials consumed by its activities
- > complying with relevant legislation, Government initiatives and policies
- > effectively communicating environmental responsibilities, initiatives and programs
- > encouraging participation in the workplace and promoting awareness of environmental opportunities
- > applying the principles of ecologically sustainable development to capital works projects.

Specific initiatives undertaken during the year to assist in reducing our environmental footprint at work included:

- > switch off the lights in function rooms at the end of meetings
- > turn off your computer and other machines each evening
- > report leaking taps or toilets, installation of flow restrictors to taps and showerheads
- > avoid printing emails and other documents if they can be stored electronically, or print only as much as is necessary and print doubled-sided documents as default setting
- > print less often to save toner and use the toner recycling bins for empty toner cartridges
- > buy recycled packaging and then make sure it is recycled
- > put waste in the appropriate bins—paper, commingled and organic—and toner recycling facilities
- > organic recycling of kitchen food waste
- > reuse envelopes and stationery and plastic bottles where possible
- > flatten and store cardboard packaging for future use or recycling
- > promotion and monitoring of E10 (ethanol blend) fuel usage in the Department's vehicle fleet
- > participation in the Mobile Muster mobile phone recycling scheme
- > purchase of 10 per cent green energy.

These initiatives have enabled the Department to significantly reduce its use of paper and water. For example, in 2008–09 the Department used 6.5 per cent less water per person than in 2007–08.

Monitoring of the Environmental Management System continued to be a focus during the year via the energy consumption monitoring through the Department of the Environment, Water, Heritage and the Arts OSCAR online reporting system.

APPENDIX 10 REPORT ON PERFORMANCE IN IMPLEMENTING THE COMMONWEALTH DISABILITY STRATEGY

The Commonwealth Disability Strategy (CDS) requires Government agencies to report progress in achieving inclusion and participation by people with a disability in Commonwealth Government policies, programs and services in their annual report. This appendix reports the Department's performance in its policy adviser, regulator, purchaser and provider roles against the performance indicators established by the CDS.

GENERAL PERFORMANCE (RELEVANT ACROSS ALL ROLES)

The Department supports equity of access to all its policies, programs and services to ensure that people with a disability are empowered and able to access the services required to achieve economic and social participation.

All relevant policy announcements/media releases, submissions to the Department, grant program guidelines and publications adhere to plain English principles and are available in accessible formats on the Department's website. Where appropriate or on request, interpreting services are used to translate information materials into other languages and formats, including Braille and audio.

The Department's website incorporates contact details for the National Relay Service/TTY under its contact section and all contact centre staff are aware of procedures to follow if callers need assistance.

From January to June 2009 the Department commissioned an independent consultant, recommended by the Australian Government Information Management Office (AGIMO), to conduct independent audits for accessibility of all key departmental websites. Departmental websites available for archival purposes only were not within the scope of the audit project. All audited websites were found to conform to the minimum government guidelines with a number of sites exceeding the minimum accessibility requirements. All web development for the Department's sites is done in accordance with and tested against World Wide Web Consulting (W3C) standards for accessibility.

The Department's *Service Charter 2008–10* places a high value on ensuring our clients have equal access to relevant information. The Department responds promptly to any requests and to any concerns raised by members of the public about the accessibility of material.

POLICY ADVISOR ROLE

The Disability sector is a prominent portfolio stakeholder and during 2008–09 the Government made it a priority for consumers to have a strong voice and protections in the emerging environment. In its policy development and program design, the Department recognises that people with disabilities face additional barriers when it comes to participating in everyday life. Through its objectives to improve broadband, broadcasting and communications service availability, reliability, quality

and affordability the Department's work has the potential to provide people with disabilities with new opportunities for increased social and economic participation.

The Department's involvement in the establishment of ACCAN has strengthened consumer representation in respect of disability issues. ACCAN will be an Expert Advisory Committee on disability issues in the communications sector and provide a strong voice for consumers in policy and industry code of practice development.

During 2008–09, the Department provided funding to 17 consumer representation organisations through its section 593 Telecommunications Consumer Representation and Research Grants to enable their attendance at meetings of the Communications Alliance's Consumer and Disability Councils. The Department also collaborated with Telecommunications and Disability Consumer Representation (TEDICORE) on organising the *Signposts for Change: People with Disabilities and Telecommunications Forum* attended by 32 representatives of the disability sector.

Table 4.13 Consideration of the needs of people with disabilities in policy development

Performance Measures	2008–09 Results
Percentage of new or revised policy/program proposals that document that the impact of the proposal was considered prior to the decision making stage.	The Department's processes and templates for the development of new policy or the revision of existing policy and preparation of Cabinet submissions include mandatory consideration of the impact of proposals on different community groups.
Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities.	In developing and reviewing policy and legislation the Department routinely consulted widely with interested parties and designed consultation processes that supported the participation of those most affected and provided time for people to comment on policies and proposals. <i>At the Signposts for Change: People with Disabilities Forum accessibility was assured through provision of wheelchair access, Auslan interpreting, live captioning, materials in accessible formats, access for the vision impaired and hearing loops.</i>
Percentage of new, revised or proposed policy/program announcements available in a range of accessible formats.	All relevant policy announcements/media releases, submissions to the Department, grant program guidelines, were made available in accessible formats on the Department's website. During 2008–09 the Department also produced audio files (available as a CD and on the Department's website) as well as 10 braille copies of the National Broadband Network Regulatory Discussion Paper, 20 braille copies of the ABC SBS discussion paper and eight braille copies of the Independent Disability Equipment Program Feasibility Study for people with a vision impairment. The terms of reference for the Independent Disability Equipment Program Feasibility Study Forum were provided in rtf format on USB flash drives to all vision impaired participants.
Time taken in providing announcements in accessible formats.	The Department responds promptly to any requests or concerns raised by members of the public about the accessibility of material.

REGULATOR ROLE

In line with Government Policy, the Departmental Regulatory Plan is available on the Department's website in an accessible format. Plain English principles were followed in all publications, including explanatory legal material in Acts, Regulations and Instruments, available on the Department's website.

All legislative instruments made, are posted on the Federal Register of Legislative Instruments (FRLI). All documents on FRLI are accessible on ComLaw (a publicly available website managed by the Attorney-General's Department) and published in multiple formats.

Table 4.14 Timely delivery of information in accessible format

Performance Measure	2008–09 Result
Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats; and accessible formats other than electronic.	No requests received.

PURCHASER ROLE

All open tender processes were available online, with all tender documentation available in PDF format for security reasons. Information on how to request tender documentation in alternative formats was included in all tender documents.

All of the Department's grant/funding program guidelines were available online (generally in html format).

The Department's standard contract terms and funding deeds required compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts were supplied with all standard requests for tender.

Table 4.15 Reflecting the needs of people with disability in Commonwealth purchasing

Performance Measure	2008–09 Result
Percentage of publicly available purchasing specifications requested and provided in accessible electronic formats and accessible formats other than electronic.	No requests received.
Percentage of processes for purchasing goods or services that directly impact on the lives of people with disabilities that are developed in consultation with people with disabilities.	All purchasing specifications of goods and services that directly impact on the lives of people with disabilities incorporate accessibility requirements. For example the Request for Tender in relation to the supply, installation and demonstration of a high definition set top box to eligible households in the Household Assistance Program stated that a high priority will be placed on ensuring that the set-top box supplied is suitable for the elderly and people with disabilities.
Percentage of purchasing specifications for goods and services that specify that tender organisations must comply with the <i>Disability Discrimination Act 1992</i> .	All tender specifications for goods and services advise that tender organisations must comply with the Act. The Department's standard templates and tools used to generate non-standard tender documentation contain clauses to this effect.
Percentage of contracts for the purchase of goods and services that require the contractor to comply with the <i>Disability Discrimination Act 1992</i> .	All contracts entered into by the Department for the purchase of goods and services contain provisions requiring the contractor to comply with the Act. The Department's standard contract templates and tools used to generate non-standard contracts contain provisions to this effect.
Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>The Department's complaints/grievance mechanisms include:</p> <ul style="list-style-type: none"> > Feedback processes are outlined in the Department's Service Charter (see Provider role) > The Department's website also provides information about how citizens are able to resolve complaints about services provided by the broadband, broadcasting and communications sector where the Department's responsibilities are limited to policy and regulatory roles. In these circumstances consumers are encouraged to resolve their complaint with the relevant service provider and to escalate to the Telecommunications Industry Ombudsman or the Australian Communications and Media Authority as appropriate.

PROVIDER ROLE

The Department measures client satisfaction through an annual Client Service Survey. More information about the survey is reported in the 'Performance Review' section of this report.

The Department has effective internal audit and evaluation programs which test policy and procedural compliance and performance and examine opportunities for improvement in the Department's administration and communication of its programs. More information about these activities is reported in the 'Management and Accountability' section of this report.

Table 4.16 Customer service to people with disabilities

Performance Measures	2008–09 Result
Evidence of quality improvement and assurance systems in operation.	<p>The 2009 Client Service Survey demonstrated statistically significant improvements in the Department's website, administration of funding programs, providing further contact information in written correspondence, courtesy and politeness, technical competence and complaints handling.</p> <p>Client satisfaction with the Department's sensitivity to diversity decreased slightly from 97 per cent in 2008 to 96 per cent in 2009 however the proportion of clients rating the Department's sensitivity to diversity as good or excellent increased from 77 per cent to 79 per cent.</p> <p>In 2009, the Department commissioned an independent consultant to audit the accessibility of Departmental websites from January to June 2009. During this period, websites for the Department, the Senator the Hon Stephen Conroy, Stay Smart Online, the Online and Communications Council, the Regional Telecommunications Review and NetAlert were found to comply with all relevant checkpoints and standards. The Department's <i>E-security Education Package</i>—available online at www.staysmartonline.gov.au—was also audited and found to comply with all relevant checkpoints and standards.</p> <p>All web development for the Department's website was undertaken in accordance with and tested against World Wide Web Consulting (W3C) standards for accessibility.</p>
Established service charter that adequately reflects the needs of people with disabilities in operation.	<p>The Department's <i>Service Charter 2008–2010</i> complies with Department of Finance and Administration's 'Client Service Charter Principles' and addresses accessibility and diversity issues, through the provision of a wide range of contact options, and through clearly set out service standards that include sensitivity to diversity issues. The Charter applies to clients in the Department's policy advisor, regulator, purchaser and provider roles.</p>

Performance Measures	2008–09 Result
Established complaints/ grievance mechanisms, including access to external mechanisms, in operation.	<p>The Department's <i>Service Charter 2008–2010</i> alerts clients to an electronic feedback form on the Department's website and outlines arrangements for contacting the Department to resolve complaints including escalation of complaints to supervisors and the Client Service Manager where appropriate. The Charter also provides the Commonwealth Ombudsman's contact details.</p> <p>In the Department's Client Service Survey, three per cent of clients indicated they had lodged a complaint with the Department with 52 per cent of those clients stating they were satisfied with how the complaint was handled. This compares with 25 per cent satisfaction with complaints handled in 2008. The survey did not identify whether any of the complaints concerned discrimination or accessibility.</p> <p>Three formal service complaints were received by the Manager Corporate Strategy and Performance Reporting as the Client Service Manager in 2008–09. In each case as the complaint was the initial contact between the complainant and the Department it was referred to the relevant program area for resolution. All cases were resolved to the satisfaction of the client and none of the complaints concerned discrimination or accessibility.</p>



5

SECTION 5

FINANCIAL STATEMENTS 143





INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

Scope

I have audited the accompanying financial statements of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2009, which comprise: a Statement by the Departmental Secretary and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies and Schedule of Administered Items, a Summary of Significant Accounting Policies and other explanatory notes.

The Responsibility of the Secretary for the Financial Statements

The Department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department's Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

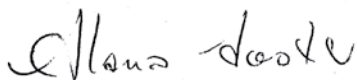
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Broadband, Communications and the Digital Economy:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Broadband, Communications and the Digital Economy's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Alana Foster
Executive Director
Delegate of the Auditor-General

Canberra
28 August 2009



Australian Government

Department of Broadband,
Communications and the Digital Economy

2008-2009 FINANCIAL STATEMENTS

STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2009 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Patricia Scott
Secretary

28 August 2009

Simon A Ash FCPA
Chief Financial Officer

28 August 2009

Department of Broadband, Communications and the Digital Economy

INCOME STATEMENT

for the period ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
INCOME			
Revenue			
Revenue from Government	3A	117,075	111,214
Sale of goods and rendering of services	3B	293	327
Rental income	3C	980	1,975
Other revenue	3D	248	2,090
Total revenue		118,596	115,606
Gains			
Sale of assets	3E	-	8
Reversals of previous asset write-downs and impairments	3F	-	113
Other gains	3G	465	490
Total gains		465	611
Total Income		119,061	116,217
EXPENSES			
Employee benefits	4A	66,118	69,628
Suppliers	4B	42,533	53,745
Grants	4C	10	519
Depreciation and amortisation	4D	5,862	4,186
Finance costs	4E	247	99
Write-down and impairment of assets	4F	258	103
Other expenses	4G	3	22
Total Expenses		115,031	128,302
Surplus (Deficit)		4,030	(12,085)
Surplus (Deficit) attributable to the Australian Government		4,030	(12,085)

The above statement should be read in conjunction with the accompanying notes.

The comparative figures for the 2007-08 financial year contained in these financial statements incorporate the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

Department of Broadband, Communications and the Digital Economy

BALANCE SHEET

as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A, 10	2,172	3,105
Trade and other receivables	5B	84,331	74,044
Accrued revenue	5C	-	67
Total financial assets		86,503	77,216
Non-Financial Assets			
Land and buildings	6A, 6D	6,244	10,003
Infrastructure, plant and equipment	6B, 6D	4,942	5,230
Intangibles	6C, 6E	1,728	1,274
Other non-financial assets	6F	397	430
Total non-financial assets		13,311	16,937
Total Assets		99,814	94,153
LIABILITIES			
Payables			
Suppliers payables	7A	6,591	6,477
Lease incentives	7B	138	179
Other payables	7C	1,762	1,179
Total payables		8,491	7,835
Provisions			
Employee provisions	8A	16,449	14,468
Other provisions	8B	1,831	4,351
Total provisions		18,280	18,819
Total Liabilities		26,771	26,654
Net Assets		73,043	67,499
EQUITY			
Contributed equity		74	-
Reserves		2,919	1,458
Retained surplus (accumulated deficit)		70,050	66,041
Total Equity		73,043	67,499
Current Assets		28,770	27,232
Non-Current Assets		71,044	66,921
Current Liabilities		22,727	20,342
Non-Current Liabilities		4,044	6,312

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2009

	Retained Earnings		Asset Revaluation Reserves		Other Reserves		Contributed Equity/Capital		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Opening balance as at 1 July	66,041	96,626	1,458	23,730	-	-	-	14,555	67,499	134,911
Balance carried forward from previous period					-	-	-			
Adjustment for errors	(2)	-	-	-	-	-	-	-	(2)	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	66,039	96,626	1,458	23,730	-	-	-	14,555	67,497	134,911
Income and expenses										
Revaluation adjustment	-	-	(671)	3,041	-	-	-	-	(671)	3,041
Remeasurement of provisions	-	-	2,132	(2,086)	-	-	-	-	2,132	(2,086)
Sub-total income and expenses recognised directly in equity	-	-	1,461	955	-	-	-	-	1,461	955
Surplus (Deficit) for the period	4,030	(12,085)	-	-	-	-	-	-	4,030	(12,085)
Total income and expenses	4,030	(12,085)	1,461	955	-	-	-	-	5,491	(11,130)
Transactions with Owners										
<i>Distributions to Owners</i>										
Returns of capital:										
Restructuring	-	(18,076)	-	(23,227)	-	-	-	(14,804)	-	(56,107)
Reductions of appropriations (<i>Appropriation Act</i> section 10)	-	(424)	-	-	-	-	(229)	-	(229)	(424)
Other adjustments ¹	(19)	-	-	-	-	-	-	-	(19)	-
<i>Contributions by Owners</i>										
Appropriation (equity injection)	-	-	-	-	-	-	303	249	303	249
Sub-total transactions with owners	(19)	(18,500)	-	(23,227)	-	-	74	(14,555)	55	(56,282)
Transfers between equity components										
	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	70,050	66,041	2,919	1,458	-	-	74	-	73,043	67,499
Closing balance attributable to the Australian Government	70,050	66,041	2,919	1,458	-	-	74	-	73,043	67,499

¹ This adjustment relates to the transfer of the International Aid Special Account balance to AusAID on 30 June 2009 under subsection 26(c) of the *FMA Act*.

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy

CASH FLOW STATEMENT*for the period ended 30 June 2009*

	Notes	2009 \$'000	2008 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		1,461	2,406
Appropriations		110,399	127,550
Grants		-	419
Net GST received		4,283	6,288
Other cash received		3,352	4,052
Total cash received		119,495	140,715
Cash used			
Employees		67,147	71,984
Suppliers		45,388	55,733
Grants		11	572
Net cash transferred to the Official Public Account		4,146	5,813
Other cash used		128	26
Total cash used		116,820	134,128
Net cash flows from (used by) operating activities	10	2,675	6,587
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		2	15
Total cash received		2	15
Cash used			
Purchase of property, plant and equipment		2,214	1,507
Purchase of intangibles		862	565
Purchase of land and buildings		755	2,324
Purchase of heritage and cultural assets		-	706
Total cash used		3,831	5,102
Net cash flows from (used by) investing activities		(3,829)	(5,087)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		221	785
Other cash received		-	8
Total cash received		221	793
Cash used			
Transfer of Special Accounts		-	7,820
Total cash used		-	7,820
Net cash flows from (used by) financing activities		221	(7,027)
<i>Net increase (decrease) in cash held</i>		(933)	(5,527)
Cash and cash equivalents at the beginning of the reporting period		3,105	8,632
Cash and cash equivalents at the end of the reporting period	5A	2,172	3,105

The above statement should be read in conjunction with the accompanying notes.

The comparative figures for the 2007-08 financial year contained in these financial statements incorporate the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2009

	2009 \$'000	2008 \$'000
BY TYPE		
Commitment receivable		
Sublease rental income ¹	(1,199)	(2,222)
GST recoverable on commitments	(2,412)	(3,034)
Total commitments receivable	(3,611)	(5,256)
Commitments payable		
Capital commitments		
Infrastructure, plant and equipment ²	342	704
Intangibles	196	-
Total capital commitments	538	704
Other Commitments		
Operating leases ³	19,091	26,757
Service contract commitments ⁴	8,102	7,934
Other commitments	-	196
Total other commitments	27,193	34,887
Net commitments by type	24,120	30,335
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	(1,107)	(1,067)
From one to five years	(92)	(1,155)
Over five years	-	-
Total operating lease income	(1,199)	(2,222)
GST commitments receivable		
One year or less	(1,050)	(1,326)
From one to five years	(1,362)	(1,708)
Over five years	-	-
Total GST commitments receivable	(2,412)	(3,034)
Commitments payable		
Capital commitments		
One year or less	538	495
From one to five years	-	209
Over five years	-	-
Total capital commitments	538	704
Operating lease commitments		
One year or less	7,790	7,803
From one to five years	11,301	18,954
Over five years	-	-
Total operating lease commitments	19,091	26,757
Other commitments		
One year or less	4,326	7,344
From one to five years	3,776	786
Over five years	-	-
Total other commitments	8,102	8,130
Net commitments by maturity	24,120	30,335

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2009

- ¹ Operating lease income relates to the sublease of 28 National Circuit, Canberra (Burns Centre).
² Infrastructure, plant and equipment commitments relate to building improvements for leased premises.
³ Operating leases relate to premises leased by the Department. The main operating leases include the following:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to bi-annual reviews adjusted to reflect current market rates. The current term for the office accommodation expires on 21 November 2012. A further term of 5 years is available at the Department's discretion.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue, Canberra are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 31 July 2010. A further term of 3 years is available at the Department's discretion.</p> <p>Lease payments at 28 National Circuit (Burns Centre), Canberra are subject to an annual adjustment based on the Consumer Price Index. The initial term for the accommodation expires on 31 July 2010. There are no options in the lease for extension beyond this date.</p> <p>Lease payments at 31 Market Street, Sydney are subject to a 4% fixed annual adjustment. The initial term expires on 25 March 2010. A further term of 3 years is available at the Department's discretion.</p> <p>The lease of storage space at 122-124 Gladstone Street, Canberra expires on 30 April 2011. A further term of 3 years is available at the Department's discretion.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

- ⁴ Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS

Income administered on behalf of Government		2009	2008
<i>for the period ended 30 June 2009</i>		<i>\$'000</i>	<i>\$'000</i>
	Notes		
Revenue			
Interest	15A	86,395	163,298
Dividends	15B	427,800	306,300
Other revenue	15C	349	7,112
Total revenues administered on behalf of Government		514,544	476,710
Gains			
Other gains	15D	1,018	387
Total gains administered on behalf of Government		1,018	387
Total income administered on behalf of Government		515,562	477,097
Expenses administered on behalf of Government			
<i>for the period ended 30 June 2009</i>			
Suppliers	16A	11,837	14,828
Subsidies	16B	84,816	86,088
Grants	16C	83,070	245,288
Depreciation and amortisation	16D	-	1,670
Write-down and impairment of assets	16E	18	6,075
CAC Act entity payments	16F	1,049,870	-
Other expenses	16G	5,937	4,888
Total expenses administered on behalf of Government		1,235,548	358,837

This schedule should be read in conjunction with the accompanying notes.

The comparative figures for the 2007-08 financial year contained in these financial statements incorporate the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Assets administered on behalf of Government		2009	2008
<i>as at 30 June 2009</i>		\$'000	\$'000
	Notes		
Financial assets			
Cash and cash equivalents	17A	8,440	24
Receivables	17B	18,798	5,138
Other investments	17C	3,610,191	7,111,000
Total financial assets		3,637,429	7,116,162
Non-financial assets			
Prepayments	17D	3,107	2,487
Total non-financial assets		3,107	2,487
Total assets administered on behalf of Government		3,640,536	7,118,649
Liabilities administered on behalf of Government			
<i>as at 30 June 2009</i>			
Payables			
Suppliers	18A	1,698	1,084
Subsidies	18B	6,667	15,049
Grants	18C	8,337	1,505
GST Payable to the Official Public Account	18D	5,935	3,879
Total liabilities administered on behalf of Government		22,637	21,517

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Cash Flows <i>for the period ended 30 June 2009</i>	Notes	2009 \$'000	2008 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		94,459	140,594
Dividends		427,800	306,300
GST refunds from the Australian Taxation Office (ATO)		19,582	28,151
Other		414	1,810
Total cash received		542,255	476,855
Cash used			
Grants payments		12,097	212,992
Subsidies paid		102,062	92,945
Suppliers		84,649	18,202
CAC Act entity payments		1,049,870	-
Other		6,340	4,068
Total cash used		1,255,018	328,207
Net cash flows from (used by) operating activities		(712,763)	148,648
INVESTING ACTIVITIES			
Receipts from Building Australia Fund		10,000	-
Total cash received		10,000	-
Cash used			
Purchase of property, plant and equipment		-	1,230
Loans to CAC Act entities		15,000	-
Investments		94,300	140,434
Investments in CAC Act entities		23,836	-
Total cash used		133,136	141,664
Net cash flows from (used by) investing activities		(123,136)	(141,664)
Net increase / (decrease) in cash held		(835,899)	6,984
Cash and cash equivalents at the beginning of the reporting period		24	74
Cash from Official Public Account for:			
- Appropriations		1,276,968	309,612
- Special accounts		158	159
- Section 30A drawdowns		16,317	24,425
- Special Appropriation (section 28)		3,234	-
		1,296,677	334,196
Cash to Official Public Account for:			
- Appropriations		(3,684)	(4,936)
- Special accounts		(158)	(159)
- Dividends		(427,800)	(306,300)
- Section 30A repayments		(17,008)	(28,151)
- Special Appropriation (section 28)		(3,234)	-
- Other		(478)	(1,684)
		(452,362)	(341,230)
Cash and cash equivalents at the end of the reporting period	17A	8,440	24

This schedule should be read in conjunction with the accompanying notes.

The comparative figures for the 2007-08 financial year contained in these financial statements incorporate the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Commitments <i>as at 30 June 2009</i>	2009 \$'000	2008 \$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(8,557)	(14,975)
Total commitments receivable	<u>(8,557)</u>	<u>(14,975)</u>
Commitments Payable		
Other Commitments		
Grant commitments ¹	89,888	150,452
Other commitments ²	4,241	14,277
Total other commitments	<u>94,129</u>	<u>164,729</u>
Net commitments by type	<u>85,572</u>	<u>149,754</u>
BY MATURITY		
Commitments receivable		
GST commitments receivable		
One year or less	(5,212)	(14,975)
From one to five years	(3,345)	-
Over five years	-	-
Total GST commitments receivable	<u>(8,557)</u>	<u>(14,975)</u>
Commitments payable		
Other commitments		
One year or less	57,336	87,270
From one to five years	36,793	77,459
Over five years	-	-
Total other commitments	<u>94,129</u>	<u>164,729</u>
Net commitments by maturity	<u>85,572</u>	<u>149,754</u>

¹ Grant commitments predominantly relate to Clever Networks (\$21.1m) and Information Communication Technology (ICT) - Centre of Excellence (\$56.5m).

² Other commitments mainly relate to Cyber safety - PC Filters (\$2.8m).

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies
as at 30 June 2009

Administered Contingent Assets	Guarantees ¹		Indemnities ²		Claims for damages or costs ³		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance from previous period	-	-	-	-	-	-	-	-
New	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-
Assets recognised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Total Administered Contingent Assets	-	-	-	-	-	-	-	-

Administered Contingent Liabilities	Guarantees ¹		Indemnities ²		Claims for damages or costs ³		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance from previous period	-	87	-	109,132	-	-	-	109,219
New	-	-	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-	-	-
Liabilities recognised	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-
Other adjustments ⁴	-	(87)	-	(109,132)	-	-	-	(109,219)
Total Administered Contingent Liabilities	-	-	-	-	-	-	-	-
Net Contingent Assets (Liabilities)	-	-	-	-	-	-	-	-

¹ Guarantees against loss

² Commonwealth indemnity of art exhibitions

³ Claims for damages or costs in respect of legal action

⁴ Guarantees and indemnities balances were transferred to the Department of the Environment, Water, Heritage and the Arts (DEWHA) following the Administrative Arrangements Order of 3 December 2007.

Statement of Activities Administered on Behalf of Government

The major Administered activities of the Department of Broadband, Communications and the Digital Economy are directed towards achieving one outcome. The major activities undertaken are towards the development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2008-09, which have been tabled in Parliament.

The schedule should be read in conjunction with the accompanying notes.

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Broadband, Communications and the Digital Economy

The Department of Broadband, Communications and the Digital Economy (the Department) is an Australian Government controlled entity. The objective of the Department is to develop a vibrant, sustainable and internationally competitive broadband and communications sector that promotes the digital economy for the benefit of all Australians.

The Department is structured to meet one outcome:

Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

This Outcome was achieved through:

- policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.

Department activities contributing toward this outcome are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Australian Government.

Departmental activities are identified under one Output.

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Basis of Preparation of the Financial Report

The comparative figures for the 2007-08 financial year contained in these Financial Statements incorporate the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007. For information on the objectives of the Department of Communications, Information Technology and the Arts, refer to the Department of Broadband, Communications and the Digital Economy Annual Report 2007-08.

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- the Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets valued at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department, or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Australian Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 11).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Unless alternative treatment is specifically required by an Australian Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at Note 1.20.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do not have a significant impact on the amounts recorded in the Financial Statements. These estimates are in relation to non-financial assets, employee provisions and the restoration obligation for leased properties.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards are applicable to the Department for the current reporting period:

AASB 7 Financial Instruments;
AASB 101 Presentation of Financial Statements;
AASB 116 Property, Plant and Equipment;
AASB 137 Provisions, Contingent Liabilities and Contingent Assets;
AASB 139 Financial Instruments: Recognition and Measurement;
AASB 1004 Contributions;
AASB 1050 Administered Items;
AASB 1052 Disaggregated Disclosures; and
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31.

New accounting standards for the current reporting period which are not disclosed have no material financial impact on the Department.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards, or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is expected that these standards will be applicable to the Department for future reporting periods:

AASB 101 Presentation of Financial Statements;
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101;
AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101;
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project; and
Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

New accounting standards for future reporting periods which are not disclosed are expected to have no material financial impact on the Department.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition, or for nominal consideration, are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Australian Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment. Collectability of debts is reviewed at balance date. Impairment is recognised when there is objective evidence that collectability of the debt is no longer probable.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.6 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition, or for nominal consideration, are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Australian Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

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1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the Finance Short Hand Method as at 30 June 2009, as outlined in the FMOs. The estimate of the present value of the liability takes into account expected attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the Financial Statements of the aggregate Australian Government and is settled by the Australian Government in due course. This aggregate liability is reported by the Department of Finance and Deregulation as an Administered item.

The Department makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government of the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all of the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis representative of the pattern of benefits derived from the leased assets.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.12 Financial Assets

The Department classifies financial assets as 'cash and cash equivalents', as outlined above, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Financial assets are recognised and derecognised upon 'trade date'.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

1.13 Financial Liabilities

The Department's financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient has met all obligations and conditions required in the grant or subsidy agreement.

Financial liabilities are recognised and derecognised upon 'trade date'.

1.14 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. In 2008-09, the Department had no Departmental Financial Guarantee Contracts.

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Agency's accounts immediately prior to the restructuring.

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'restoration obligation' recognised.

In 2008-09, the provision for the restoration obligation on leased property was decreased as a result of a change in the valuation, together with the discount rate used and the estimated amount of cash flows required to restore the properties to their original condition. The makegood asset was subsequently adjusted to reflect the change in fair value.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value, less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the asset's fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

In 2008-09, an independent valuer conducted the revaluation of departmental assets as at 30 June 2009. Assets purchased during May and June 2009 were excluded from the asset revaluation as they represent fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2009	2008
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, Plant and Equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years
Heritage and Cultural Assets		
• Heritage assets	n/a	2 to 40 years
• Artworks	n/a	10 to 500 years

Impairment

All assets were assessed for impairment at 30 June 2009. Where indications of impairment exist, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Intangibles

The Department's intangibles comprise of software externally purchased and internally developed for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

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The useful lives of the Department's software are:

	2009	2008
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2009.

1.19 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

In 2006-07, the Department, on the advice of the Australian Taxation Office (ATO), discontinued claiming Input Tax Credits under the Satellite Phone Subsidy Scheme. In 2008-09, the advice was withdrawn by the ATO and replaced with new advice which entitles the Department to claim Input Tax Credits. As a result, adjustments have been made to the financial statements to reflect the amount of Input Tax Credits to be claimed for the years 2006-07 (\$195,014.96) and 2007-08 (\$112,503.84).

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, Administered Items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Australian Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary Appropriation on behalf of the Australian Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Australian Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 19. The Schedule of Administered Items largely reflects the Australian Government's transactions, through the Department, with parties outside the Australian Government.

Revenue

All Administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

Financial Assets

The Department classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale' financial assets; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Department manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Australian Government has the positive intent and ability to hold to maturity, are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through surplus and deficit.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Schedule of Administered Income.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-government level.

Administered investments other than those held for sale are classified as 'available for sale' and are measured at their fair value as at 30 June 2009. Fair value has been taken to be the net assets of

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the entities as at balance date adjusted for the difference between the historical cost and fair value of land and buildings, where necessary (previously, the fair value was taken to be the net assets of the entities as at balance date). In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, this represents an error in the application of an accounting policy for valuing administered investments. The correction and restatement has the effect of providing more relevant and reliable information.

The effect of this correction on the 2007-08 and 2008-09 financial statements is represented in the following table:

	2009 ('000)	2008 ('000)
Investment in Australian Postal Corporation before the change	1,845,000	2,809,900
Investment in Australian Postal Corporation after the change	2,495,500	3,612,400
Net increase/(decrease)	650,500	802,500

Administered investments are disclosed at notes 17C, 22 and 23.

For those assets where there is an active market, fair value is taken to be the quoted selling price as at the close of business at balance date.

On 9 April 2009, NBN Co (the Company) was incorporated under the *Corporations Act 2001* and is 100% Commonwealth owned. The objective of the Company is to roll-out, operate and maintain a national wholesale broadband network while working closely with the Commonwealth during the roll-out in order to facilitate the implementation of Australian Government broadband policy and regulation. The Commonwealth's investment in the Company is disclosed in Note 17C.

Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items: Contingencies.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Australian Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant/subsidy eligibility criteria have been satisfied, but payments due have not been made. A grant commitment is recorded when the Australian Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

National Broadband Network

As at 30 June 2009, the Department held in its custody, one bank guarantee as bond on behalf of a proponent in the Request for Proposal for the National Broadband Network.

The Communications Fund and the Building Australia Fund

On 1 January 2009, the *Nation-building Funds (Consequential Amendments) Act 2008* repealed Part 9C of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* – the provision which established the Communications Fund. The Communications Fund consisted of the Communications Fund Special Account and the investments of the Communications Fund. Upon its closing, the investments of the Communications Fund were transferred to the Building Australia Fund, established by the *Nation-building Funds Act 2008*.

The Building Australia Fund has been established with a view to fund capital investments in transport infrastructure, communications infrastructure, energy infrastructure and water infrastructure. Under the Building Australia Fund (BAF) Special Account are four special accounts

through which payments for infrastructure projects are channelled. One of these special accounts, the BAF Communications Portfolio Special Account, is managed by the Department. The BAF Communications Portfolio Special Account will be used for the purpose of making payments in relation to the creation or development of communications infrastructure and in relation to eligible national broadband network matters.

Payments to Commonwealth Authorities and Companies

From 2008-09, appropriation legislation has been changed to take into consideration that Commonwealth Authorities and Companies, bodies which fall under the *Commonwealth Authorities and Companies Act 1997* (CAC Act), are legally separate from the Australian Government and so do not debit appropriations or make payments from the Consolidated Revenue Fund.

Payments to CAC Act bodies from amounts appropriated for that purpose are classified as either administered expenses or an increase to the Administered Investment of the Department. The Department makes payments to both the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The appropriation to the Department is disclosed in Tables A and B in Note 24.

On 1 June 2009, the Australian Government entered into a five year, fixed rate loan agreement for \$15 million with SBS to offset the cash flow impact of advance payments required to purchase sporting events rights and to fund infrastructure works related to digital broadcasting. The loan is disclosed in Note 17B with further disclosure in financial instruments Note 23.

NBN Co received funding in the form of an equity injection from the Australian Government through the BAF Communications Portfolio Special Account.

Note 2: Events after the Balance Sheet Date

On 17 July 2009, the Australian Government announced the establishment of a new company (TNBN Co), which will be jointly owned with Aurora Energy Pty Ltd and be a subsidiary of NBN Co Limited. TNBN Co will construct a fibre-to-the-premises network to deliver speeds of 100 megabits per second, to Tasmanian households and businesses.

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	2009 \$'000	2008 \$'000
NOTE 3: Income		
Revenue		
<u>Note 3A: Revenue from Government</u>		
Appropriations:		
Departmental outputs	117,075	111,214
Total revenue from Government	117,075	111,214
<u>Note 3B: Sale of Goods and Rendering of Services</u>		
Sale of goods:		
Sale of inventory	-	32
Other sales of goods and services	-	40
Total sale of goods	-	72
Rendering of services:		
Entry charges to exhibitions	-	121
Fees for services provided	293	134
Total rendering of services	293	255
Total sale of goods and rendering of services	293	327
Sale of goods:		
Provision of goods - related entities	-	1
Provision of goods - external parties	-	71
Total sale of goods	-	72
Rendering of services:		
Rendering of services - related entities	135	5
Rendering of services - external parties	158	250
Total rendering of services	293	255
Total sale of goods and rendering of services	293	327
Costs of sales of goods	-	21
<u>Note 3C: Rental Income</u>		
Operating leases:		
Rental revenue	917	840
Artworks rental revenue	-	1,122
Contingent rental	63	13
Total rental income	980	1,975
<u>Note 3D: Other Revenue</u>		
Grants received	-	387
Sponsorship and donations received	-	92
Cultural Ministers Council contributions	-	196
Sport and Recreation contributions	-	555
National Collections contributions	-	540
Cultural and Recreational Portal contributions	-	265
Damages awarded from legal proceedings	200	-
Software licence fees	15	-
Promotional revenue from Digital Switchover TV Conference	12	-
Freedom of information requests	3	-
Refunds of vehicle lease costs	15	-
Other revenue	3	55
Total other revenue	248	2,090

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	2009 \$'000	2008 \$'000
NOTE 3 : Income (continued)		
Gains		
<u>Note 3E: Sale of Assets</u>		
Heritage and cultural assets		
Proceeds from sale	-	15
Carrying value of assets sold	-	(7)
Selling expense	-	-
Net gain (loss) from disposal of heritage and cultural assets	<u>-</u>	<u>8</u>
Total Sale of Assets		
Total proceeds from sale	-	15
Total carrying value of assets sold	-	(7)
Total selling expense	-	-
Total net gains from sale of assets	<u>-</u>	<u>8</u>
<u>Note 3F: Reversals of Previous Asset Write-Downs and Impairments</u>		
Assets revaluation increment	-	113
Total reversals of previous asset write-downs and impairments	<u>-</u>	<u>113</u>
<u>Note 3G: Other Gains</u>		
Resources received free of charge	462	470
Non-financial assets stocktake additions	-	9
Other	3	11
Total other gains	<u>465</u>	<u>490</u>

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	2009 \$'000	2008 \$'000
NOTE 4: Expenses		
<u>Note 4A: Employee benefits</u>		
Wages and salaries	46,653	49,121
Superannuation:		
Defined contribution plans	9,038	10,020
Leave and other entitlements	6,390	7,401
Separation and redundancies	772	388
Performance pay	1,222	1,063
Other employee expenses	2,043	1,635
<i>Total employee benefits</i>	66,118	69,628

Note 4B: Suppliers

Provision of goods - related entities	222	96
Provision of goods - external parties	3,726	8,073
Rendering of services - related entities	2,520	3,134
Rendering of services - external parties	29,043	35,232
Operating lease rentals - external parties:		
Minimum lease payments	5,806	6,267
Contingent rentals	860	634
Workers' compensation premium and claims	356	309
<i>Total supplier expenses</i>	42,533	53,745

Note 4C: Grants

Public sector:		
Australian Government entities (related entities)	-	75
State and Territory Governments	-	116
Local Government	-	37
Private sector:		
Non-profit organisations	10	291
<i>Total grants</i>	10	519

Note 4D: Depreciation and amortisation

Depreciation:		
Infrastructure, plant and equipment	2,188	2,558
Buildings	3,266	1,232
Heritage and cultural assets	-	77
<i>Total depreciation</i>	5,454	3,867
Amortisation		
Intangibles: computer software	264	319
Intangibles: computer software - internally developed	144	-
<i>Total amortisation</i>	408	319
<i>Total depreciation and amortisation</i>	5,862	4,186

The aggregate amounts of depreciation and amortisation expensed during the year for each class of depreciable assets are as follows:

Leasehold improvements	3,266	1,232
Computer equipment	1,621	1,930
Plant, office equipment, furniture and fittings	567	628
Heritage and cultural assets	-	77
Computer software	408	319
<i>Total depreciation and amortisation</i>	5,862	4,186

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	2009 \$'000	2008 \$'000
NOTE 4: Expenses (continued)		
<u>Note 4E: Finance Costs</u>		
Unwinding of discount	247	99
Total finance costs	247	99
<u>Note 4F: Write-Down and Impairment of Assets</u>		
Asset write-downs and impairments from:		
Impairment on financial instruments (receivables)*	1	14
Total write-down and impairment of financial assets	1	14
Non-financial assets:		
Impairment of land and buildings	-	63
Impairment of property, plant and equipment	57	26
Revaluation decrement - property, plant and equipment	200	-
Total write-down and impairment of non-financial assets	257	89
Total write-down and impairment of assets	258	103
* for the full disclosure on the impairment on financial instruments see Note 14		
<u>Note 4G: Other Expenses</u>		
Other	3	22
Total other expenses	3	22

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	2009 \$'000	2008 \$'000
NOTE 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand	6	8
Cash at bank - Special Accounts	-	70
Cash at bank - other than Special Accounts	2,166	3,027
Total cash and cash equivalents	2,172	3,105
All cash recognised is a current asset.		
Note 5B: Trade and Other Receivables		
Goods and services - related entities	163	33
Goods and services - external parties	20	180
Total receivables for goods and services	183	213
Appropriations receivable:		
- for existing outputs	81,458	72,594
- for additional outputs	1,851	-
Total appropriations receivable	83,309	72,594
GST receivable from the Australian Taxation Office	755	534
Other:		
- employees	21	6
- related entities ¹	63	700
Total GST and other receivables	839	1,240
Total trade and other receivables (gross)	84,331	74,047
Less: impairment allowance account:		
Goods and services	-	(3)
Total trade and other receivables (net)	84,331	74,044
Receivables are represented by:		
Current	26,201	23,630
Non-current	58,130	50,414
Total trade and other receivables (net)	84,331	74,044
Receivables are aged as follows:		
Not overdue	84,225	73,767
Overdue by:		
Less than 30 days	24	237
30 to 60 days	57	35
61 to 90 days	10	-
More than 90 days	15	8
Total receivables (gross)	84,331	74,047
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	(3)
Total impairment allowance account	-	(3)

¹ Credit terms for receivables are net 30 days (2008: 30 days).

NOTE 5: Financial Assets (continued)

Reconciliation of the impairment allowance account:

Movements in relation to 2009

	Goods and services 2009 \$'000	Other receivables 2009 \$'000	Total 2009 \$'000
Opening balance	3	-	3
Amounts written off	(3)	-	(3)
Amounts recovered and reversed	-	-	-
Increase/(decrease) recognised in net surplus	-	-	-
Allowances relinquished	-	-	-
Closing balance	-	-	-

Movements in relation to 2008

	Goods and services 2008 \$'000	Other receivables 2008 \$'000	Total 2008 \$'000
Opening balance	866	-	866
Amounts written off	(5)	-	(5)
Amounts recovered and reversed	(9)	-	(9)
Increase/(decrease) recognised in net surplus	17	-	17
Allowances relinquished	(866)	-	(866)
Closing balance	3	-	3

	2009	2008
	\$'000	\$'000

Note 5C: Accrued Revenue

Goods and services	-	67
Total accrued revenue	-	67

All accrued revenues are current assets.

NOTE 6: Non-Financial Assets

Note 6A: Land and Buildings

Leasehold improvements:

Fair value	6,061	11,490
Accumulated depreciation	(1)	(1,487)
Work in progress	184	-
Total leasehold improvements	6,244	10,003
Total land and buildings (non-current)	6,244	10,003

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2008-09, an independent valuer conducted the revaluations as at 30 June 2009.

Revaluation decrements of \$671,153 for leasehold improvements (2008: \$3,040,563 increments) were debited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no increments/decrements were expensed (2008: nil).

Assets purchased during May and June 2009 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the months of May and June. The net book value of these assets as at 30 June 2009 was \$6,434.

No indicators of impairment were found for land and buildings.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
NOTE 6: Non-Financial Assets (continued)		
<u>Note 6B: Infrastructure, Plant and Equipment</u>		
Infrastructure, plant and equipment:		
Fair value	4,437	9,222
Accumulated depreciation	(17)	(3,992)
Work in progress	522	-
<i>Total infrastructure, plant and equipment</i>	4,942	5,230
<i>Total infrastructure, plant and equipment (non-current)</i>	4,942	5,230

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2008-09, an independent valuer conducted the revaluations as at 30 June 2009.

No revaluation increments for infrastructure, plant and equipment (2008: nil) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet. Revaluation decrements of \$199,914 were recognised as expenses in the Income Statement (2008: \$112,996 were recognised as gains in the Income Statement as the increase reversed a portion of a previous decrease recognised as an expense).

Assets purchased during May and June 2009 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the months of May and June. The net book value of these assets as at 30 June 2009 was \$587,895.

No indicators of impairment were found for infrastructure, plant and equipment.

Note 6C: Intangibles

Computer software at cost:		
Purchased	2,855	2,369
Internally developed - in progress	574	265
Internally developed - in use	745	678
<i>Total computer software</i>	4,174	3,312
Accumulated amortisation	(2,446)	(2,038)
<i>Total intangibles (non-current)</i>	1,728	1,274

No indicators of impairment were found for intangible assets.

NOTE 6: Non-Financial Assets (continued)

Note 6D: Analysis of Property, Plant and Equipment

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2008				
Gross book value	11,490	9,222	-	20,712
Accumulated depreciation/amortisation and impairment	(1,487)	(3,992)	-	(5,479)
Net book value 1 July 2008	10,003	5,230	-	15,233
Additions:				
By purchase	755	2,214	-	2,969
Revaluation decrements recognised in the operating result	-	(200)	-	(200)
Revaluations and impairments through equity	(671)	-	-	(671)
Impairments recognised in the operating result	-	(57)	-	(57)
Reversal of impairments recognised in the operating result	-	-	-	-
Reclassifications	57	(57)	-	-
Depreciation/amortisation expense	(3,266)	(2,188)	-	(5,454)
Other movements ¹	(634)	-	-	(634)
Disposals:				
From disposal of entities or operations (including restructuring)	-	-	-	-
By sale	-	-	-	-
Other disposals	-	-	-	-
Net book value 30 June 2009	6,244	4,942	-	11,186
Net book value as of 30 June 2009 represented by:				
Gross book value	6,245	4,959	-	11,204
Accumulated depreciation/amortisation and impairment	(1)	(17)	-	(18)
	6,244	4,942	-	11,186

¹ This movement relates to partial retirement of the provision for restoration obligation for 28 National Circuit Canberra office accommodation (Burns Centre).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 6: Non-Financial Assets (continued)

Note 6D: Analysis of infrastructure, plant and equipment (continued)

Table A - Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2007				
Gross book value	6,385	11,076	48,253	65,714
Accumulated depreciation/amortisation and impairment	(823)	(2,471)	-	(3,294)
Net book value 1 July 2007	5,562	8,605	48,253	62,420
Additions:				
By purchase	2,930	1,500	706	5,136
Revaluations and impairments through equity	3,041	-	-	3,041
Impairments recognised in the operating result	(62)	(27)	-	(89)
Reversal of impairments recognised in the operating result	-	113	-	113
Reclassifications	327	(327)	-	-
Depreciation/amortisation expense	(1,233)	(2,557)	(77)	(3,867)
Disposals:				
From disposal of entities or operations (including restructuring)	(562)	(2,077)	(48,875)	(51,514)
By sale	-	-	(7)	(7)
Other disposals	-	-	-	-
Net book value 30 June 2008	10,003	5,230	-	15,233
Net book value as of 30 June 2008 represented by:				
Gross book value	11,490	9,222	-	20,712
Accumulated depreciation/amortisation and impairment	(1,487)	(3,992)	-	(5,479)
	10,003	5,230	-	15,233

NOTE 6: Non-Financial Assets (continued)

Note 6E: Analysis of Intangibles

Table B - Reconciliation of the opening and closing balances of intangibles (2008-09)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2008			
Gross book value	942	2,370	3,312
Accumulated depreciation/amortisation and impairment	(66)	(1,972)	(2,038)
Net book value 1 July 2008	876	398	1,274
Additions:			
By purchase or internally developed	377	485	862
By finance lease	-	-	-
Internally developed	-	-	-
From acquisitions of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Impairments recognised in the operating result	-	-	-
Reclassifications	-	-	-
Amortisation	(144)	(264)	(408)
Recoverable amount write-downs	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	-	-
By sale	-	-	-
Other disposals	-	-	-
Net book value 30 June 2009	1,109	619	1,728
Net book value as of 30 June 2009 represented by:			
Gross book value	1,319	2,855	4,174
Accumulated depreciation/amortisation and impairment	(210)	(2,236)	(2,446)
	1,109	619	1,728

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 6: Non-Financial Assets (continued)

Note 6E: Analysis of Intangibles (continued)

Table B - Reconciliation of the opening and closing balances of intangibles (2007-08)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2007			
Gross book value	382	3,197	3,579
Accumulated Depreciation	-	(2,538)	(2,538)
Net book value 1 July 2007	382	659	1,041
Additions:			
By purchase or internally developed	560	20	580
By finance lease	-	-	-
Internally developed	-	-	-
From acquisitions of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Impairments recognised in the operating result	-	-	-
Reclassifications	-	-	-
Amortisation	(66)	(252)	(318)
Recoverable amount write-downs	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	(29)	(29)
By sale	-	-	-
Other disposals	-	-	-
Net book value 30 June 2008	876	398	1,274
Net book value as of 30 June 2008 represented by:			
Gross book value	942	2,370	3,312
Accumulated depreciation/amortisation and impairment	(66)	(1,972)	(2,038)
	876	398	1,274

	2009 \$'000	2008 \$'000
NOTE 6: Non-Financial Assets (continued)		
<u>Note 6F: Other Non-Financial Assets</u>		
Prepayments	397	430
<i>Total other non-financial assets</i>	<u>397</u>	<u>430</u>

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Department of Broadband, Communications and the Digital Economy
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	2009 \$'000	2008 \$'000
NOTE 7: Payables		
Note 7A: Suppliers		
Trade creditors	6,396	6,245
Other creditors	46	41
Operating lease rentals	149	191
Total supplier payables	6,591	6,477
Supplier payables - related entities are represented by:		
Current	519	41
Non-current	-	-
Supplier payables - external parties are represented by:		
Current	6,072	6,436
Non-current	-	-
Total supplier payables	6,591	6,477
Settlement is usually made net 30 days.		
Note 7B: Lease Incentives		
Lease incentives	138	179
Total lease incentives	138	179
Lease incentives are represented by:		
Current	57	41
Non-current	81	138
Total lease incentives	138	179
Note 7C: Other Payables		
Salaries and wages	760	530
Superannuation	137	94
Separations and redundancies	629	90
Other payables	236	465
Total other payables	1,762	1,179

All other payables are current liabilities.

Department of Broadband, Communications and the Digital Economy
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	2009	2008
	\$'000	\$'000

NOTE 8: Provisions

Note 8A: Employee Provisions

Leave	16,449	14,468
Total employee provisions	16,449	14,468

Employee provisions are represented by:

Current	14,317	12,645
Non-current	2,132	1,823
Total employee provisions	16,449	14,468

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions, the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$5,889,380 (2008: \$7,006,270) and in excess of one year is \$10,559,954 (2008: \$7,461,915).

The increase in leave provisions predominantly reflects the sharp movements in the interest rates and additional oncosts for planned leave liability.

Note 8B: Other Provisions

Restoration obligations	1,831	4,351
Total other provisions	1,831	4,351

All restoration obligations in relation to leased properties are non-current liabilities.

	Provision for makegood \$'000	Provision for makegood \$'000
<i>Other Provisions is comprised of:</i>		
Carrying amount 1 July 2008	4,351	1,585
Additional provisions made ¹	(2,132)	2,692
Amounts used	-	(25)
Amounts reversed ²	(634)	-
Unwinding of discount or change in discount rate	247	99
Closing balance 2009	1,831	4,351

The Department currently has five (2008: five) agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

¹ The provision for makegood has decreased by \$2.132m in 2009 as a result of a change in an independent valuer and subsequent valuation of makegood assets as at 30 June 2009, which resulted in a decrease in makegood costs from \$350m² to \$150m².

² Amount represents partial write-off of leasehold improvements for the 28 National Circuit leased property.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 9: Restructuring

NOTE 9A: Departmental Restructuring

There was no departmental restructuring in 2008-09.

Departmental Restructuring 2007-08

Administrative Arrangements Order of 3 December 2007

As a result of the abolition of the Department of Communications, Information Technology and the Arts (DCITA) on 3 December 2007, DCITA relinquished the following function and the Department of Broadband, Communications and the Digital Economy (DBCDE) assumed responsibility for it:

- policy and program advice on telecommunications, broadcasting, information and communication technology, postal industries and the information economy.

This function was performed by DCITA for the period 1 July to 2 December 2007.

In respect of functions assumed, the net book values of assets and liabilities transferred to DBCDE for no consideration and recognised as at the date of transfer were:

	2008 \$'000
Total assets recognised	147,277
Total liabilities recognised	<u>72,292</u>
Net assets assumed	<u><u>74,985</u></u>

Note, however, that this does not result in an increase in net assets in these financial statements because DCITA and DBCDE are presented as a single department.

Revenues

Recognised by the Department of Communications, Information Technology and the Arts

42,181

Recognised by the Department of Broadband, Communications and the Digital Economy

52,562

Total revenues

94,743

Expenses

Recognised by the Department of Communications, Information Technology and the Arts

50,099

Recognised by the Department of Broadband, Communications and the Digital Economy

59,451

Total expenses

109,550

DCITA also relinquished the following functions, which were not assumed by DBCDE:

- policy and program advice on the arts, cultural collections, film and digital content, Indigenous languages, cultures and arts;
- Old Parliament House and the National Portrait Gallery;
- Artbank; and
- policy and program advice on program management and agency support in relation to sports, anti-doping and industry development measures.

In respect of functions relinquished, the net book values of assets and liabilities transferred by DCITA for which no consideration was received as at the date of transfer were:

	2008 \$'000
<i>Department of the Environment, Water, Heritage and the Arts</i>	
Total assets relinquished	65,786
Total liabilities relinquished	<u>10,670</u>
Net assets relinquished	<u><u>55,116</u></u>
<i>Department of Health and Ageing</i>	
Total assets relinquished	1,507
Total liabilities relinquished	<u>516</u>
Net assets relinquished	<u><u>991</u></u>
<i>Department of Innovation, Industry, Science and Research</i>	
Total assets relinquished	202
Total liabilities relinquished	<u>202</u>
Net assets relinquished	<u><u>-</u></u>

NOTE 9B: Administered Restructuring

There was no administered restructuring in 2008-09.

Administered Restructuring 2007-08

The Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007. DCITA's previous Arts and Culture, and Sport and Recreation (Outcome 1 and 2) functions were transferred to other agencies. A new agency, the Department of Broadband, Communications and the Digital Economy (DBCDE), was established to take on the Broadcasting and the Communications (Outcome 3) functions from DCITA with the exception of Information and Communications Technology (ICT) - Incubators program which was transferred to the Department of Innovation, Industry, Science and Research (DIISR).

Administrative Arrangements Order of 3 December 2007

As a result of the abolition of DCITA on 3 December 2007, DCITA relinquished the following functions/programs and DBCDE assumed responsibility for them:

Communications

(excluding Building Information Technology Strengths - Incubators program, which was transferred to the Department of Innovation, Industry, Science and Research)

Broadcasting

(excluding the Indigenous Broadcasting program which was transferred to the Department of Environment, Water, Heritage and the Arts)

These functions were performed by DCITA for the period 1 July to 2 December 2007.

In respect of functions assumed, the net book values of assets and liabilities transferred to DBCDE for no consideration and recognised as at the date of transfer were:

	2008 \$'000
Total assets recognised	5,591,164
Total liabilities recognised	14,384
Net assets assumed	5,576,780

Note, however, that this does not result in an increase in net assets in these financial statements because DCITA and DBCDE are presented as a single department.

Revenues

Broadcasting

Recognised by the Department of Broadband, Communications and the Digital Economy 10

Recognised by the Department of Communications, Information Technology and the Arts 5

Communications

Recognised by the Department of Broadband, Communications and the Digital Economy 255,344

Recognised by the Department of Communications, Information Technology and the Arts 221,154

Total Revenues 476,513

Expenses

Broadcasting

Recognised by the Department of Communications, Information Technology and the Arts 18,695

Recognised by the Department of Broadband, Communications and the Digital Economy 11,024

Communications

Recognised by the Department of Broadband, Communications and the Digital Economy 121,968

Recognised by the Department of Communications, Information Technology and the Arts 57,811

Total Expenses 209,498

DCITA also relinquished the following functions, which were not assumed by DBCDE:

Arts and Cultural Heritage

Sport and Recreation

Communications

- Information and Communications Technology (ICT) Incubators program

Broadcasting

- Indigenous Broadcasting program

In respect of functions relinquished, the net book values of assets and liabilities transferred by DCITA for which no consideration was received as at the date of transfer were:

Department of the Environment, Water, Heritage and the Arts

Total assets relinquished 6,085,081

Total liabilities relinquished 1,615

Net assets relinquished 6,083,466

Recognised by the Department of Health and Ageing

Total assets relinquished 240,472

Total liabilities relinquished 318

Net assets relinquished 240,154

Recognised by the Department of Innovation, Industry, Science and Research

Total assets relinquished -

Total liabilities relinquished 100

Net assets relinquished (100)

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

	2009 \$'000	2008 \$'000
Note 10: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Reported cash and cash equivalents as per:		
Cash Flow Statement	2,172	3,105
Balance Sheet	2,172	3,105
Reconciliation of operating result to net cash from operating activities		
Operating result	4,030	(12,085)
Depreciation / amortisation	5,862	4,186
Net write-down of non-financial assets	257	7
Other non-cash items	2	(44)
Changes in assets and liabilities (net of restructuring transfers):		
(Increase) / decrease in net receivables	(10,452)	12,643
(Increase) / decrease in inventories	-	51
(Increase) / decrease in accrued revenue	67	(54)
(Increase) / decrease in other non-financial assets	33	323
Increase / (decrease) in employee provisions	1,980	1,728
Increase / (decrease) in supplier payables	57	931
Increase / (decrease) in lease incentives	(41)	(67)
Increase / (decrease) in other provisions	291	74
Increase / (decrease) in other payables	589	(1,106)
Net cash from / (used by) operating activities	2,675	6,587

NOTE 11: Contingent Liabilities and Assets

Quantifiable Contingencies

The Department has no quantifiable contingent liabilities that are not remote for 2009 (2008: Nil).

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2009 and 30 June 2008.

Remote Contingencies

Operating Leases and Car Parking Licences

The Department indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Department also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2009, no claims have been made.

PSMA Licence Agreement Indemnities

The Australian Government has provided indemnities to PSMA Australia Limited (ABN 23 089 9112 710) in a number of circumstances, set out in two different clauses in a Licence Agreement (with regards to intellectual property infringements and then generally). The Licence allows the Department to use data sets in relation to the National Broadband Network Project. The indemnity is capped at \$2.5 million. As at 30 June 2009, no claims have been made.

National Broadband Network Panel of Experts and Strategic Adviser

The Department has provided indemnities to the non-Commonwealth members of the National Broadband Network (NBN) Panel of Experts and the Strategic Adviser to the NBN Request for Proposal process (RFP), to protect them against civil claims that may arise in the course of performing their duties. The NBN RFP process was terminated on 7 April 2009 and the work of the panel and the Strategic Adviser has concluded. As at 30 June 2009, no claims have been made.

Westpac Banking Corporation

The Department indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. The indemnity is capped at \$25 million. As at 30 June 2009, no claims have been made.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	<u>2009</u>	<u>2008</u>
NOTE 12: Executive Remuneration		
Executive remuneration is all remuneration received, or due and receivable and includes salaries, accrued leave, performance pay, accrued superannuation, motor vehicle costs, allowances and fringe benefits tax.		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	4	3
\$145,000 to \$159,999	2	-
\$160,000 to \$174,999	-	2
\$175,000 to \$189,999	9	2
\$190,000 to \$204,999	7	8
\$205,000 to \$219,999	1	3
\$220,000 to \$234,999	4	-
\$235,000 to \$249,999	4	2
\$250,000 to \$264,999	1	3
\$265,000 to \$279,999	1	2
\$295,000 to \$309,999	1	2
\$310,000 to \$324,999	1	2
\$325,000 to \$339,999	2	2
\$340,000 to \$354,999	-	1
\$490,000 to \$504,999	-	1
\$505,000 to \$519,999	1	-
Total	<u><u>38</u></u>	<u><u>33</u></u>
	2009	2008
	\$	\$
The aggregate amount of total remuneration of senior executives shown above.	<u><u>8,251,518</u></u>	<u><u>7,895,293</u></u>
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	<u><u>-</u></u>	<u><u>267,074</u></u>
Executive remuneration for 2007-08 includes the remuneration of senior executives from DCITA for the period 1 July to 2 December 2007.		
	<u><u>2009</u></u>	<u><u>2008</u></u>
	<u><u>\$'000</u></u>	<u><u>\$'000</u></u>
NOTE 13: Remuneration of Auditors		
Financial statement audit services are provided free of charge to the Department.		
The fair value of the services provided	<u><u>462</u></u>	<u><u>470</u></u>
	<u><u>462</u></u>	<u><u>470</u></u>
No other services were provided by the Auditor-General.		

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	\$'000	\$'000
NOTE 14: Financial Instruments		
<u>NOTE 14A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	2,172	3,105
Receivables - good and services (net)	183	210
Receivables - employees	21	6
Receivables - related entities ¹	63	700
Carrying amount of financial assets	2,439	4,021
Financial Liabilities		
Other liabilities		
Payables - goods and services	6,442	6,630
Payables - related entities ¹	146	311
Payables - others	90	179
Carrying amount of financial liabilities	6,678	7,120
¹ Receivables and payables from/to related entities relate to the transfer of employee provisions.		
<u>NOTE 14B: Net Income and Expense from Financial Assets</u>		
Loans and receivables		
Impairment	1	14
Net gain/(loss) loans and receivables	(1)	(14)
Net gain/(loss) from financial assets	(1)	(14)

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

NOTE 14C: Fair Value of Financial Instruments

	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial Assets				
Loans and receivables				
Cash and cash equivalents	2,172	2,172	3,105	3,105
Receivables - good and services (net)	183	183	210	210
Receivables - employees	21	21	6	6
Receivables - related entities ¹	63	63	700	700
Total	2,439	2,439	4,021	4,021
FINANCIAL LIABILITIES				
Other liabilities				
Payables - goods and services	6,442	6,442	6,630	6,630
Payables - related entities ¹	146	146	311	311
Payables - others	90	90	179	179
Total	6,678	6,678	7,120	7,120

¹ Receivables and payables from/to related entities relate to the transfer of employee provisions.

NOTE 14D: Credit Risk

The Department is exposed to minimal credit risk as loans and receivables are cash and receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of receivables less impairment losses recognised (2009: \$267,000 and 2008: \$917,000).

The Department manages its credit risk by undertaking background and credit checks prior to entering a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery activities.

The Department holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2009	Not Past Due Nor Impaired 2008	Past Due or Impaired 2009	Past Due or Impaired 2008
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Cash and cash equivalents	2,172	3,105	-	-
Receivables - good and services	151	185	32	28
Receivables - employees	10	-	11	6
Receivables - related entities	-	453	63	248
Total	2,333	3,743	106	282

Included in the Department's receivables balance are debtors with a carrying amount of \$106,000 (2008: \$279,000) which are past due at the reporting date for which the Department has not provided. Based on experience, the Department considers that the amounts are still recoverable.

Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 Days	31 to 60 Days	61 to 90 Days	90+ Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Receivables - good and services	23	4	-	5	32
Receivables - employees	1	-	-	10	11
Receivables - related entities	-	53	10	-	63
Total	24	57	10	15	106

Ageing of financial assets that were past due but not impaired for 2008

	0 to 30 Days	31 to 60 Days	61 to 90 Days	90+ Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Receivables - good and services	-	24	-	1	25
Receivables - employees	-	-	-	6	6
Receivables - related entities	237	11	-	-	248
Total	237	35	-	7	279

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NOTE 14E: Liquidity Risk

The Department's financial liabilities consist of payables. The exposure to liquidity risk is based on the notion that the Department may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms.

The following tables illustrate the maturities for financial liabilities.

	On Demand 2009 \$'000	Within 1 Year 2009 \$'000	1 to 5 Years 2009 \$'000	> 5 Years 2009 \$'000	Total 2009 \$'000
Other Liabilities					
Payables - goods and services	-	6,442	-	-	6,442
Payables - related entities ¹	-	146	-	-	146
Payables - others	-	90	-	-	90
Total	-	6,678	-	-	6,678

	On Demand 2008 \$'000	Within 1 Year 2008 \$'000	1 to 5 Years 2008 \$'000	> 5 Years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Payables - goods and services	-	6,630	-	-	6,630
Payables - related entities ¹	-	311	-	-	311
Payables - others	-	179	-	-	179
Total	-	7,120	-	-	7,120

¹ Receivables and payables from/to related entities relate to the transfer of employee provisions

The Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

NOTE 14F: Market Risk

The Department holds basic financial instruments that do not expose it to certain market risks. The Department is not exposed to 'currency risk' or 'other price risk'.

The Department does not have any interest-bearing items on the balance sheet. Therefore, the Department is not exposed to 'interest rate risk'.

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	2009 \$'000	2008 \$'000
NOTE 15: Income Administered on Behalf of Government		
Revenue		
Note 15A: Interest		
Term deposits and marketable securities	86,343	163,298
Loan interest	51	-
Other interest	1	-
Total interest	86,395	163,298
Note 15B: Dividends		
Australia Post dividends	427,800	306,300
Total dividends	427,800	306,300
Note 15C: Other Revenue		
Grant refunds	186	1,120
Subsidy refunds	131	5,986
Other revenue	32	6
Total other revenue	349	7,112
Gains		
Note 15D: Other Gains		
Gains from remeasuring financial instruments held at fair value through profit and loss	1,018	387
Total other gains	1,018	387
Total Income Administered on Behalf of Government	515,562	477,097

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	2009 \$'000	2008 \$'000
NOTE 16: Expenses Administered on Behalf of Government		
Expenses		
Note 16A: Suppliers		
Rendering of services - related entities	234	751
Rendering of services - external parties	11,603	14,077
Total suppliers	11,837	14,828
Note 16B: Subsidies		
Payable to external parties:		
Connect Australia - Mobile Connect	652	1,238
Australian Broadband Guarantee	84,164	84,850
Total subsidies	84,816	86,088
Note 16C: Grants		
Public Sector:		
Australian Government entities (related entities)	2	58,678
State and Territory Governments	22,206	34,269
Local Governments	1,847	23,603
Private Sector:		
Non-profit organisations	42,858	95,267
Commercial entities	16,157	33,471
Total grants	83,070	245,288
Note 16D: Depreciation and Amortisation		
Depreciation:		
Building - National Institute of Dramatic Art (NIDA)	-	770
Heritage and cultural assets - Old Parliament House (OPH)	-	900
Total depreciation and amortisation	-	1,670
Note 16E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of financial instruments (receivables) *	18	6,075
Total write-down and impairment of assets	18	6,075
* for full disclosure on the impairment on financial instruments see Note 23		
Note 16F: CAC Act Entity Payments		
Payments to Australian Broadcasting Corporation	858,411	-
Payments to Special Broadcasting Service Corporation	191,459	-
Total payments to CAC Act entities	1,049,870	-
Note 16G: Other Expenses		
International membership fees	5,720	4 888
Losses from remeasuring financial instruments held at fair value through profit and loss	217	-
Total other expenses	5,937	4,888
Total Expenses Administered on Behalf of Government	1,235,548	358,837

Department of Broadband, Communications and the Digital Economy
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	2009 \$'000	2008 \$'000
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NOTE 17: Assets Administered on Behalf of Government

Financial Assets

Note 17A: Cash and Cash Equivalents

Cash at bank	8,440	24
Total cash and cash equivalents	8,440	24

Note 17B: Receivables

Loans made to CAC Act entities	15,051	-
Other receivables:		
GST receivable from the Australian Taxation Office (ATO)	3,668	4,987
Grants refunds receivable	52	71
Subsidy refunds receivable	164	251
Other receivables	3	-
Total receivables	18,938	5,309

Less: Impairment allowance account:		
Other receivables	(140)	(171)
Total receivables (net)	18,798	5,138

Receivables (gross) are aged as follows:

Not overdue	18,772	5,011
Overdue by:		
Less than 30 days	21	73
30 to 60 days	3	20
61 to 90 days	2	27
More than 90 days	140	178
Total receivables (gross)	18,938	5,309

The impairment allowance account is aged as follows:

Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(140)	(171)
Total impairment allowance account	(140)	(171)

Receivables are with Entities external to the Australian Government.

Credit terms are net 30 days (2008: 30 days)

Reconciliation of the impairment allowance:

Movements in relation to 2009

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	171	171
Amounts written off	-	(7)	(7)
Amounts recovered and reversed	-	(55)	(55)
Increase/decrease recognised in net surplus	-	31	31
Allowances relinquished	-	-	-
Closing balance	-	140	140

Movements in relation to 2008

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	7,418	7,418
Amounts written off	-	(10,882)	(10,882)
Amounts recovered and reversed	-	(24)	(24)
Increase/decrease recognised in net surplus	-	6,097	6,097
Allowances relinquished	-	(2,438)	(2,438)
Closing balance	-	171	171

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		2009 \$'000	2008 \$'000
NOTE 17: Assets Administered on Behalf of Government (continued)			
Note 17C: Other investments			
<i>Investments of Special Accounts:</i>			
Term deposits		-	211
Marketable securities ¹		-	2,381,198
		-	2,381,409
<i>Investments in Portfolio Agencies using the equity method:</i>			
Commonwealth authorities			
Australian Broadcasting Corporation	22A	946,091	967,078
Australian Postal Corporation	22B	2,495,500	3,612,400
Special Broadcasting Service Corporation	22C	158,735	150,100
		<u>3,600,326</u>	<u>4,729,578</u>
Commonwealth companies			
NBN Co Limited	22D	9,865	-
NetAlert Ltd	22E	-	13
		<u>9,865</u>	<u>13</u>
Total investments		<u>3,610,191</u>	<u>7,111,000</u>

¹ On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

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	2009 \$'000	2008 \$'000
NOTE 17: Assets Administered on Behalf of Government (continued)		
Note 17D: Prepayments		
Prepayments	3,107	2,487
Total prepayments	3,107	2,487
Total Assets Administered on Behalf of Government	3,640,536	7,118,649
NOTE 18: Liabilities Administered on Behalf of Government		
Payables		
Note 18A: Suppliers		
Trade creditors	1,698	1,084
Total suppliers	1,698	1,084
Note 18B: Subsidies		
Payable to external entities	6,667	15,049
Total subsidies	6,667	15,049
Note 18C: Grants		
Public sector:		
Grants to State and Territory Governments	1,455	-
Grants to Local Governments	665	-
Private sector:		
Grants to Non-profit organisations	886	550
Grants to Commercial entities	5,331	955
Total grants	8,337	1,505
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Note 18D: Administered GST Payable		
GST Payable to the Official Public Account	5,935	3,879
Total GST payable	5,935	3,879
Total Liabilities Administered on Behalf of Government	22,637	21,517
All liabilities are expected to be settled within 12 months of balance date.		

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	2009 \$'000	2008 \$'000
NOTE 19: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	7,097,132	11,879,616
<i>Plus:</i> Administered income	515,562	477,097
<i>Less:</i> Administered expenses (non CAC)	(185,678)	(358,837)
Payments to CAC Act entities	(1,049,870)	-
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriation for administered expenses (non CAC)	182,557	308,690
Administered asset and liabilities appropriations	-	1,103
Special appropriations (refund provisions)	3,234	1
Administered asset and liabilities appropriations for payments to CAC Act entities	28,836	-
Annual appropriations for payment to CAC Act entities	1,049,870	-
Transfers to the OPA	(435,352)	(312,935)
Restructuring	-	(6,323,520)
Transfer of the Communications Fund Investments ¹	(2,468,395)	-
Other adjustments ²	(596)	-
Administered receipts from the Building Australia Fund Special Account	10,000	-
Revaluation to fair value - administered investments in CAC Act entities	(1,129,401)	1,425,917
Closing administered assets less administered liabilities as at 30 June	3,617,899	7,097,132

¹ On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

² Adjustments predominantly relate to GST adjustments of \$437,746 following the AAO of 3 December 2007 and investment management costs of \$163,830 (excluding GST) incurred by the Communications Fund, but paid by the Building Australia Fund following the transfer of investment.

NOTE 20: Administered Contingent Liabilities

Quantifiable Administered Contingencies

Quantifiable Administered contingent liabilities that are not remote are disclosed in the Schedule of Administered Items as quantifiable Administered contingent liabilities.

Unquantifiable Administered Contingencies

National Transmission Network

As at 30 June 2009, the Australian Government is party to legal action brought against it in relation to a possible breach of agreement under the National Transmission Network Regional Telecommunications Infrastructure Account Grants program. It is not practicable to make an estimate of the outcome of the action at this stage.

Remote Administered Contingencies

NetAlert Limited Board Members Indemnity

The Australian Government indemnified the Directors of NetAlert Limited against claims and legal costs as a consequence of actions that may be brought against them during their employment as Directors. The indemnities cover potential claims arising out of the actions of the officers of the company between the dates of their appointment and the dissolution of the company. NetAlert Limited was voluntarily wound up on 29 November 2008. As at 30 June 2009, no claims have been made.

NBN Co Limited Board Members Indemnity

The Australian Government indemnifies the Interim Directors of NBN Co Limited against any liability in respect of claims or legal costs and expenses in defending claims or undertaking proceedings, that may arise in their capacity as a director of the company. As at 30 June 2009, no claims have been made.

Termination of the Funding Agreement with OPEL

Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program, the Australian Government has offered to contribute up to \$2.5 million towards costs incurred by OPEL in producing its Implementation Plan. OPEL was wound up on 13 March 2009. OPEL's liquidators have not yet agreed to the offer and are considering whether they have further as yet unquantified claims against the Australian Government.

NOTE 21: Administered Contingent Assets

There were no administered contingent assets at 30 June 2009 and 30 June 2008.

NOTE 22: Administered Investments

Ownership %	Notes	Principal Activity
2009	2008	
100	100	A Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	100	B Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	100	C Special Broadcasting Service Corporation and controlled entity - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	0	D NBN Co Limited - To build and operate a National Broadband Network to deliver telephony and high speed broadband to Australian homes, schools and businesses. A body corporate established under the <i>Commonwealth Authorities and Companies Act 1997</i> .
0	100	E NetAlert Ltd - Australia's internet safety advisory body established in 1999 to educate communities about managing access to the internet. Incorporated in Australia. Net Alert Ltd was voluntarily wound up on 29 November 2008.

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	2009 \$'000	2008 \$'000
NOTE 23: Administered Financial Instruments		
NOTE 23A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	8,440	24
Receivables - loans to CAC Act entities	15,051	-
Receivables - grant refunds (net)	52	71
Receivables - subsidy refunds (net)	24	80
Receivables - other	3	-
	<u>23,570</u>	<u>175</u>
Available for sale financial assets		
Investment in Australian Broadcasting Corporation and controlled entities	946,091	967,078
Investment in Special Broadcasting Corporation and controlled entities	158,735	150,100
Investment in NBN Co Limited	9,865	-
Investment in Australian Postal Corporation	2,495,500	3,612,400
Investment in NetAlert Ltd	-	13
	<u>3,610,191</u>	<u>4,729,591</u>
Fair value through profit and loss (designated)		
Term deposit	-	211
Marketable securities	-	2,381,198
	<u>-</u>	<u>2,381,409</u>
Carrying amount of financial assets	<u>3,633,761</u>	<u>7,111,175</u>
Financial Liabilities		
At amortised cost		
Payables - suppliers	1,698	1,084
Payables - grants	8,337	1,505
Payables - subsidies	6,667	15,049
	<u>16,702</u>	<u>17,638</u>
Carrying amount of financial liabilities	<u>16,702</u>	<u>17,638</u>

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	2009 \$'000	2008 \$'000
NOTE 23B: Net Income and Expense from Financial Assets		
Loans and receivables		
Interest revenue	51	-
Impairment	(18)	(6,075)
Net gain/(loss) loans and receivables	<u>33</u>	<u>(6,075)</u>
Available for sale		
Australia Post dividend	427,800	306,300
Gain/(loss) recognised in equity	(1,129,401)	1,425,917
Net gain/(loss) available for sale	<u>(701,601)</u>	<u>1,732,217</u>
Fair value through profit and loss		
Designated as such:		
Interest revenue	86,343	163,298
Other gains/(loss):		
- Gains from remeasuring financial instruments held at fair value through profit and loss	1,018	387
- Losses from remeasuring financial instruments held at fair value through profit and loss	(217)	-
Net gain/(loss) at fair value through profit and loss	<u>87,144</u>	<u>163,685</u>
Net gain/(loss) from financial assets	<u>(614,424)</u>	<u>1,889,827</u>

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NOTE 23C: Fair Value of Financial Instruments

	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial Assets				
Loans and receivables				
Cash at bank	8,440	8,440	24	24
Receivables - loans to CAC Act entities [†]	15,051	14,685	-	-
Receivables - grant refunds (net)	52	52	71	71
Receivables - subsidy refunds (net)	24	24	80	80
Receivables - other	3	3	-	-
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	946,091	946,091	967,078	967,078
Investment in Special Broadcasting Corporation and controlled entities	158,735	158,735	150,100	150,100
Investment in NBN Co Limited	9,865	9,865	-	-
Investment in Australian Postal Corporation	2,495,500	2,495,500	3,612,400	3,612,400
Investment in NetAlert Ltd	-	-	13	13
Fair value through profit and loss (designated)				
Term deposit	-	-	211	211
Marketable securities	-	-	2,381,198	2,381,198
Total	3,633,761	3,633,395	7,111,175	7,111,175
Financial Liabilities				
Other Liabilities				
Payables - suppliers	1,698	1,698	1,084	1,084
Payables - grants	8,337	8,337	1,505	1,505
Payables - subsidies	6,667	6,667	15,049	15,049
Total	16,702	16,702	17,638	17,638

[†] Future loan repayments under the loan agreement have been discounted using the current five year Treasury Bond rate, 5.23% (2008: n/a).

Valuation Method used for determining the fair value of financial instruments

The following table identifies for those assets and liabilities (at fair value through profit and loss or available for sale) carried at fair value whether fair value was obtained by reference to market prices or by a valuation technique that employs observable market transactions, or one that uses non-observable market inputs to determine a fair value.

	Valuation technique utilising			
	Market values \$'000	Market inputs \$'000	Non-market inputs \$'000	Total \$'000
Financial assets at fair value				
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	-	-	946,091	946,091
Investment in Special Broadcasting Corporation and controlled entities	-	-	158,735	158,735
Investment in NBN Co Limited	-	-	9,865	9,865
Investment in Australian Postal Corporation	-	-	2,495,500	2,495,500
Investment in NetAlert Ltd	-	-	-	-
Fair value through profit and loss (designated)				
Term deposit	-	-	-	-
Marketable securities	-	-	-	-
Financial assets at fair value	-	-	3,610,191	3,610,191
Financial liabilities at fair value				
Payables - suppliers	1,698	1,698	-	1,698
Payables - grants	8,337	8,337	-	8,337
Payables - subsidies	6,667	6,667	-	6,667
Financial liabilities at fair value	16,702	16,702	-	16,702

NOTE 23D: Credit Risk

The Administered activities of the Department were not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to government controlled and funded entity, investment in Portfolio Agencies and investments of the Communications Fund. The Department manages its credit risk by undertaking background and credit checks prior to entering into a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery techniques that are to be applied.

Investments of the Communications Fund

On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

The Department's investments of the Communications Fund and the credit risk exposures were subject to limits as set out in the investment guidelines issued to its service provider, the Australian Office of Financial Management (AOFM), governing the investment strategy of the Fund. The guidance expired upon the transfer of Communications Fund Investments to the Building Australia Fund. A summary of the guidelines is:

- the Fund is to have a relatively high level of liquidity whereby all the principal fund and accumulated earnings will be available within 3 months with minimum risk of capital loss over the period;
- the Fund is to invest in a portfolio of basic low risk instruments;
- the Fund is to achieve a return of at least equal to the Reserve Bank of Australia Cash Rate over rolling 12 month periods;
- the Fund is to maintain a credit quality of AAA as set by Standard and Poor's (S&P); and
- the Fund has to comply with the Investment Authorisation at all times.

Monthly reporting was provided by the AOFM to the Department on the transactions, performance and composition of the investments. It also showed the Fund's compliance with the various limits set in the investment guidelines.

Concentration of Risk

Due to the restrictions as required under the Fund's investment guidelines, the Fund typically had credit exposures to a small number of highly rated counterparties. Where possible, diversification of credit exposures was sought. Credit limits have been fully utilised from time to time in view of the objective of maximising return.

The maximum exposure of credit risk is the risk that arises from the default of an issuer. The Communications Fund did not hold any collateral for its investments.

The maximum exposure to credit risk is outlined in the table below:

	2009 \$'000	2008 \$'000
Financial assets		
Loans and receivables		
Cash at bank	8,440	24
Receivables - loans to CAC Act entities	15,051	-
Receivables - grant refunds	52	71
Receivables - subsidy refunds	24	251
Receivables - other	3	-
Available for sale financial assets		
Investment in Australian Broadcasting Corporation and controlled entities	946,091	967,078
Investment in Special Broadcasting Corporation and controlled entities	158,735	150,100
Investment in NBN Co Limited	9,865	-
Investment in Australian Postal Corporation	2,495,500	3,612,400
Investment in NetAlert Ltd	-	13
Fair value through profit and loss (designated)		
Term deposits	-	211
Marketable securities	-	2,381,198
Total	3,633,761	7,111,346

The Government has assessed the risk of the default on payment and has allocated the following amounts to an impairment allowance account:

Receivables - grant refunds	Nil in 2009 (2008: Nil)
Receivables - subsidy refunds	\$140,140 in 2009 (2008: \$171,000)
Receivables - other	Nil in 2009 (2008: Nil)

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NOTE 23D: Credit Risk (continued)

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2009 \$'000	Not Past Due Nor Impaired 2008 \$'000	Past Due or Impaired 2009 \$'000	Past Due or Impaired 2008 \$'000
Loans and receivables				
Cash at bank	8,440	24	-	-
Receivables - loans to CAC Act entities	15,051	-	-	-
Receivables - grant refunds	52	-	-	71
Receivables - subsidy refunds	1	24	163	227
Receivables - other	-	-	3	-
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	946,091	967,078	-	-
Investment in Special Broadcasting Corporation and controlled entities	158,735	150,100	-	-
Investment in NBN Co Limited	9,865	-	-	-
Investment in Australian Postal Corporation	2,495,500	3,612,400	-	-
Investment in NetAlert Ltd	-	13	-	-
Fair value through profit and loss (designated)				
Term deposits	-	211	-	-
Marketable securities	-	2,381,198	-	-
Total	3,633,735	7,111,048	166	298

Ageing of financial assets that are past due but not impaired for 2009

	0 to 30 Days \$'000	31 to 60 Days \$'000	61 to 90 Days \$'000	90+ Days \$'000	Total \$'000
Loans and receivables					
Receivables - grant refunds	-	-	-	-	-
Receivables - subsidy refunds	18	3	2	-	23
Receivables - other	3	-	-	-	3
Total	21	3	2	-	26

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 Days \$'000	31 to 60 Days \$'000	61 to 90 Days \$'000	90+ Days \$'000	Total \$'000
Loans and receivables					
Receivables - grant refunds	71	-	-	-	71
Receivables - subsidy refunds	2	20	27	7	56
Total	73	20	27	7	127

NOTE 23E: Liquidity Risk

The Government's Administered financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Government will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department, and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities:

	On Demand 2009 \$'000	Within 1 Year 2009 \$'000	1 to 5 Years 2009 \$'000	> 5 Years 2009 \$'000	Total 2009 \$'000
Other Liabilities					
Payables - suppliers	-	1,698	-	-	1,698
Payables - grants	-	8,337	-	-	8,337
Payables - subsidies	-	6,667	-	-	6,667
Total	-	16,702	-	-	16,702

	On Demand 2008 \$'000	Within 1 Year 2008 \$'000	1 to 5 Years 2008 \$'000	> 5 Years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Payables - suppliers	-	1,084	-	-	1,084
Payables - grants	-	1,505	-	-	1,505
Payables - subsidies	-	15,049	-	-	15,049
Total	-	17,638	-	-	17,638

NOTE 23F: Market Risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item on the closing balance sheet is 'loans receivable'. This item has fixed interest and will not fluctuate due to changes in the market interest rate. In 2007-08 and up to 1 January 2009, the Department was exposed to interest rate risk primarily from the investments of the Communications Fund.

The Communications Fund held a portfolio of short-term discount instruments, primarily comprising negotiable certificates of deposit and bank accepted bills of exchange. Changes in domestic interest rates impacted on the fair value of this portfolio. When interest rates rose, the fair value of the portfolio would fall (and vice-versa). Changes in interest rates had no impact on future cash flows of principal amounts at maturity.

On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

NOTE 23G: Assets Pledged/or Held as Collateral

Assets pledged as collateral

The Department does not have any assets pledged as collateral as at 30 June 2009 (2008: Nil).

Assets held as collateral

The Department does not hold any assets as collateral as at 30 June 2009 (2008: Nil).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009
NOTE 24: Appropriations

NOTE 24A: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Payments to CAC Act entities		
	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	375,482	-	75,222	450,704
Corrections of prior year errors	-	-	-	-
Adjusted balance carried from previous year	375,482	-	75,222	450,704
<i>Appropriation Act:</i>				
<i>Appropriation Act (No. 1) 2008-2009</i>	209,110	1,049,539	103,689	1,362,338
<i>Appropriation Act (No. 3) 2008-2009</i>	-	331	11,535	11,866
<i>Appropriation Act (No. 5) 2008-2009</i>	-	-	-	-
Departmental appropriations reduced (<i>Appropriation Act</i> section 10) ⁴	-	-	(229)	(229)
Administered appropriations reduced (non CAC) (<i>Appropriation Act</i> section 11) ¹	(358,474)	-	-	(358,474)
CAC Act entity payment items reduced (<i>Appropriation Act</i> section 12)	-	-	-	-
Departmental adjustments by the Finance Minister (<i>Appropriation Acts</i>)	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 14)	-	-	-	-
Flexible funding pool receipts (<i>Appropriation Act</i> section 15)	-	-	-	-
Comcover Receipts (<i>Appropriation Act</i> section 12)	-	-	-	-
<i>FMA Act:</i>				
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	2,372	-	339	2,711
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	19,113	-	4,441	23,554
Annotations to 'net appropriations' (<i>FMA Act</i> section 31)	-	-	4,470	4,470
Adjustment of appropriations on change of entity function (<i>FMA Act</i> section 32)	-	-	-	-
Total appropriation available for payments	247,603	1,049,870	199,467	1,496,940
Cash payments made during the year (GST inclusive)	(211,059)	(1,049,870)	(116,259)	(1,377,188)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	36,544	-	83,208	119,752
<i>Represented by:</i>				
Cash at bank and on hand	8,440	-	2,172	10,612
Departmental appropriations receivable	-	-	82,601	82,601
GST receivable from customers	-	-	14	14
GST receivable from the Australian Taxation Office (ATO)	-	-	755	755
GST payable	-	-	(483)	(483)
Undrawn, unexpired administered appropriations	28,104	-	-	28,104
Payable to the Official Public Account	-	-	-	-
Adjustments under section 101.13 of the Finance Minister's Orders not reflected above ⁵	-	-	(1,851)	(1,851)
Total	36,544	-	83,208	119,752
<i>Reduction in administered items</i> ²				
Total administered items appropriated	209,110,000	-	-	209,110,000
Less administered items required by the agency per <i>Appropriation Act</i> section 11 ³ :	-	-	-	-
<i>Appropriation Act (No. 1) 2008-2009</i>	(186,220,422)	-	-	(186,220,422)
<i>Appropriation Act (No. 3) 2008-2009</i>	-	-	-	-
<i>Appropriation Act (No. 5) 2008-2009</i>	-	-	-	-
Total administered items required by the agency	(186,220,422)	-	-	(186,220,422)
Total reduction in administered items - effective 2009-2010	22,889,578	-	-	22,889,578

¹ In 2008-2009, this represents the amount calculated under the relevant *Appropriation Acts* section 8 determination, during the year, in respect of the previous year's administered items.

² This is the first year of administered items being reduced under section 11. Numbers in this section of the table are not rounded.

³ Administered items for 2008-2009 were reduced to these amounts when these financial statements were tabled in the Parliament as part of the Department's 2008-2009 annual report. This reduction is effective in 2009-2010 and the amounts in the total reduction in administered items will be reflected in the top section of Table A in the 2009-2010 financial statements in the row 'Administered appropriations reduced (non CAC)'.

⁴ Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination under the relevant *Appropriation Acts* section 10 and is disallowable by Parliament. In May 2009, the Finance Minister determined a reduction in departmental outputs appropriations following a request by the Minister for Broadband, Communications and the Digital Economy. The amount of the reduction determined under *Appropriation Act* No. 1 of 2008-2009 was: \$229,000.

⁵ In 2008-09, an adjustment was made to Revenue from Government and Appropriation receivable for \$1.851m as a result of a decision by Government for the Department to provide additional outputs during the current year, with the funding to be provided in 2009-10.

* Comparative amounts are contained in Table 24B and 24C.

NOTE 24B: Acquittals of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period 1 July to 2 December 2007

Comparative	Administered Expenses			Departmental Outputs	Total
	Outcome 1 2008 \$'000	Outcome 2 2008 \$'000	Outcome 3 2008 \$'000		
Balance brought forward from previous period (<i>Appropriation Acts</i>)	38,482	1,216	216,442	92,802	348,942
Corrections of prior year errors	-	-	-	-	-
Adjusted balance carried from previous year	38,482	1,216	216,442	92,802	348,942
<i>Appropriation Act:</i>					
<i>Appropriation Act (No.1) 2007-2008</i>	191,038	28,897	587,854	143,785	951,574
<i>Appropriation Act (No.3) 2007-2008</i>	-	-	-	-	-
<i>Appropriation Act (No.5) 2007-2008</i>	-	-	-	-	-
CAC Act entity payment items reduced (<i>Appropriation Act</i> section 12)	-	-	-	-	-
Departmental adjustments by the Finance Minister (<i>Appropriation Acts</i>)	-	-	-	-	-
Administered appropriation lapsed (<i>Appropriation Act</i> section 8)	-	-	-	-	-
- prior years	(15,009)	(1,218)	(200,829)	-	(217,056)
- current year	-	-	-	-	-
Reductions of appropriations (<i>Appropriation Act</i> section 9)	-	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 11)	-	-	-	-	-
Advance to the Finance Minister recovered	-	-	-	-	-
Flexible funding pool receipts (<i>Appropriation Act</i> section 15)	-	-	-	-	-
Comcover Receipts (<i>Appropriation Act</i> section 12)	-	-	-	-	-
<i>FMA Act:</i>					
Refunds credited (<i>FMA Act</i> section 30)	1,095	129	2,447	76	3,747
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	2,863	889	8,906	3,279	15,937
Annotations to 'net appropriations' (<i>FMA Act</i> section 31)	-	-	-	1,973	1,973
Adjustment of appropriations on change of entity function (<i>FMA Act</i> section 32)	(130,372)	(20,455)	(516,488)	(169,252)	(836,567)
Total appropriation available for payments	88,097	9,458	98,332	72,663	268,550
Cash payments made during the year (GST inclusive)	(88,097)	(9,458)	(98,332)	(70,972)	(266,859)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	(888)	(888)
Payables to the Official Public Account transferred to DBCDE	-	-	-	7	7
GST receivable transferred from DCITA	-	-	-	(810)	(810)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	-	-	-	-
Represented by:					
Cash at bank and on hand	-	-	-	-	-
Departmental appropriations receivable	-	-	-	-	-
GST receivable from customers	-	-	-	-	-
GST receivable from the Australian Taxation Office (ATO)	-	-	-	-	-
GST payable	-	-	-	-	-
Undrawn, unexpired administered appropriations	-	-	-	-	-
Payable to the Official Public Account	-	-	-	-	-
Total	-	-	-	-	-

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 24C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period 3 December to 30 June 2008

Comparative	Administered Expenses			Departmental Outputs	Total
	Outcome 1 2008 \$'000	Outcome 2 2008 \$'000	Outcome 3 2008 \$'000		
Balance brought forward from previous period (<i>Appropriation Acts</i>)	-	-	-	2008 \$'000	2008 \$'000
Corrections of prior year errors	-	-	-	-	-
Adjusted balance carried from previous year	-	-	-	-	-
<i>Appropriation Act</i>					
<i>Appropriation Act (No.1) 2007-2008</i>	-	-	-	-	-
<i>Appropriation Act (No.3) 2007-2008</i>	-	-	-	-	-
<i>Appropriation Act (No.5) 2007-2008</i>	-	-	-	-	-
CAC Act entity payment items reduced (<i>Appropriation Act</i> section 12)	-	-	-	-	-
Departmental adjustments by the Finance Minister (<i>Appropriation Acts</i>)	-	-	-	-	-
Administered appropriation lapsed (<i>Appropriation Act</i> section 8):					
- prior years	-	-	-	-	-
- current year	-	-	-	-	-
Reductions of appropriations (<i>Appropriation Act</i> section 9)	-	-	-	(1,217)	(1,217)
Advance to the Finance Minister (<i>Appropriation Act</i> section 11)	-	-	-	-	-
Advance to the Finance Minister recovered	-	-	-	-	-
Flexible funding pool receipts (<i>Appropriation Act</i> section 15)	-	-	-	-	-
Concover Receipts (<i>Appropriation Act</i> section 12)	-	-	-	46	46
<i>FMA Act:</i>					
Refunds credited (<i>FMA Act</i> section 30)	-	-	105	272	377
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-	11,829	2,349	14,178
Annotations to 'net appropriations' (<i>FMA Act</i> section 31)	-	-	-	1,679	1,679
Adjustment of appropriations on change of entity function (<i>FMA Act</i> section 32)	-	-	497,725	130,181	627,906
Total appropriation available for payments	-	-	509,659	133,310	642,969
Cash payments made during the year (GST inclusive)	-	-	(134,177)	(58,891)	(193,068)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-
Payables to the Official Public Account transferred to DBCDE	-	-	-	(7)	(7)
GST receivable transferred from DCITA	-	-	-	810	810
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	-	375,482	75,222	450,704
Represented by:					
Cash at bank and on hand	-	-	24	3,035	3,059
Departmental appropriations receivable	-	-	-	71,969	71,969
GST receivable from customers	-	-	-	2	2
GST receivable from the Australian Taxation Office (ATO)	-	-	-	571	571
GST payable	-	-	-	(343)	(343)
Undrawn, unexpired administered appropriations	-	-	375,458	-	375,458
Payable to the Official Public Account	-	-	-	(12)	(12)
Total	-	-	375,482	75,222	450,704

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 24D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations for the period 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Operating Outcome 1		Non - operating						Total
	SPPs	NAE	Payments to CAC Act entities	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities		
	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	
Balance brought forward from previous period (<i>Appropriation Acts</i>)	-	-	-	625	-	-	-	625	
<i>Appropriation Act</i>									
<i>Appropriation Act (No.2) 2008-2009</i>	-	-	13,836	303	-	-	-	14,139	
<i>Appropriation Act (No.4) 2008-2009</i>	-	-	15,000	-	-	-	-	15,000	
<i>Appropriation Act (No.6) 2008-2009</i>	-	-	-	-	-	-	-	-	
Administered appropriations reduced (non CAC) (<i>Appropriation Act</i> sections 12, 13)	-	-	-	-	-	-	-	-	
Departmental appropriations reduced (<i>Appropriation Act</i> section 13)	-	-	-	-	-	-	-	-	
CAC Act entity payment items reduced (<i>Appropriation Act</i> section 14)	-	-	-	-	-	-	-	-	
Advance to the Finance Minister (<i>Appropriation Act</i> section 15)	-	-	-	-	-	-	-	-	
Advance to the Finance Minister recovered	-	-	-	-	-	-	-	-	
<i>FMA Act</i>									
Refunds credited (<i>FMA Act</i> section 30)	-	-	-	-	-	-	-	-	
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-	-	-	-	-	-	-	
Adjustment of appropriations on change of entity function (<i>FMA Act</i> section 32)	-	-	-	-	-	-	-	-	
Total appropriations available for payments	-	-	28,836	928	-	-	-	29,764	
Cash payments made during the year (GST inclusive)	-	-	(28,836)	(221)	-	-	-	(29,057)	
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	-	707	-	-	-	707	
Represented by:									
Cash at bank and on hand	-	-	-	-	-	-	-	-	
Departmental appropriation receivable	-	-	-	707	-	-	-	707	
Undrawn, unapplied administered appropriations	-	-	-	-	-	-	-	-	
Adjustments under section 101.13 of the Finance Minister's Orders not reflected above	-	-	-	-	-	-	-	-	
Total	-	-	-	707	-	-	-	707	
Reduction in administered items									
Total administered items appropriated	-	-	-	-	-	-	-	-	
Less administered items required by the agency per <i>Appropriation Act</i> section 12:	-	-	-	-	-	-	-	-	
<i>Appropriation Act (No. 2) 2008-2009</i>	-	-	-	-	-	-	-	-	
<i>Appropriation Act (No. 4) 2008-2009</i>	-	-	-	-	-	-	-	-	
<i>Appropriation Act (No. 6) 2008-2009</i>	-	-	-	-	-	-	-	-	
Total administered items required by the agency	-	-	-	-	-	-	-	-	
Total reduction in administered items - effective 2009-2010	-	-	-	-	-	-	-	-	

* Comparative amounts are contained in Table 24E and 24F.

NOTE 24F - Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations for the period 3 December to 30 June 2008

Comparative	Operating Outcome 2						Outcome 3						Non - operating				Total				
	Outcome 1		SPPs		NAE		SPPs		NAE		Equity		Loans		Previous Years' Outputs			Admin assets and liabilities			
	SPPs	NAE	SPPs	NAE	SPPs	NAE	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	SPPs	NAE		Equity	Loans	Previous Years' Outputs	Admin assets and liabilities
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance brought forward from previous period (<i>Appropriation Acts</i>)																					
<i>Appropriation Act:</i>																					
<i>Appropriation Act (No.2) 2007-2008</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Appropriation Act (No.4) 2007-2008</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Appropriation Act (No.6) 2007-2008</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (<i>Appropriation Act</i> section 7 & 8):																					
- prior years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of appropriation (<i>Appropriation Act</i> section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>FMA Act:</i>																					
Refunds credited (<i>FMA Act</i> section 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (<i>FMA Act</i> section 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash payments made during the year (GST inclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Represented by:																					
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unapplied administered appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 24G: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriation (Unlimited Amount)

<i>Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999. Section 158ZO of the Act provides that the responsible Ministers may authorise the investment of money standing to the credit of the Communications Fund Special Account in any 'financial asset'.</i> <i>Nature: Administered</i>	DBCDE Outcome 1	DCITA Outcome 3	DBCDE Outcome 1	Total
		01-Jul-07 to 03-Dec-07	03-Dec-07 to 30-Jun-08	2008
	2009	\$'000	\$'000	\$'000
	Cash payments made during the year	5,043,611	11,156,338	16,533,703
	Appropriations credited to Special Accounts	-	-	-
<i>Repayments to the Commonwealth (FMA Act section 30)</i> <i>Total charged to appropriation</i> <i>Estimated actual</i>				
		-	-	-
	5,043,611	11,156,338	5,377,365	16,533,703

<i>Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999. Section 158ZP of the Act provides for debiting of expenses to the Communications Fund Special Account.</i> <i>Nature: Administered</i>	DBCDE Outcome 1	DCITA Outcome 3	DBCDE Outcome 1	Total
		01-Jul-07 to 03-Dec-07	03-Dec-07 to 30-Jun-08	2008
	2009	\$'000	\$'000	\$'000
	Cash payments made during the year	158	159	159
	Appropriations credited to Special Accounts	-	-	-
<i>Repayments to the Commonwealth (FMA Act section 30)</i> <i>Total charged to appropriation</i> <i>Estimated actual</i>				
		-	-	-
	158	-	159	-

Observations made in an ANAO Performance Audit on the Establishment and Management of the Communications Fund identified that whilst the Department had disclosed in aggregate the use of the Special Appropriations contained in sections 158ZO, 158ZP and 158ZQ, it had not been separately disclosed in Special Appropriation tables as required by the Finance Minister's Orders.

In the current and prior year the Department has not used the following administered Special Appropriations (Unlimited Amount):

- S39 of the *Financial Management and Accountability Act 1997* for the investment of public money;
- S8BA(3) of the *Telstra Corporation Act 1991* for the payment of compensation - constitutional safety net;
- S5(5) of the *AUSSAT Repeal Act 1991* for the payment of money to AUSSAT; and
- S158ZQ of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* for the purchase of derivatives for the Communications Fund.

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2009

NOTE 24H: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Limited Amount)

Appropriation (Supplementary Measures) Act (No.1) 1999, section 3¹		Administered			
Purpose: For payment of book industry assistance			01-Jul-07 to 02-Dec-07	03-Dec-07 to 30-Jun-08	Total 2008
Nature: Administered	2009 \$'000	\$'000	\$'000	\$'000	\$'000
Amount available brought forward from previous period	1	1	1	-	-
Other receipts ²	-	-	-	1	1
Appropriation for reporting period	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA Act section 30A)	-	-	-	-	-
Available for payments	1	1	1	1	1
Other adjustments ²	-	(1)	-	-	-
Cash payments made during the year (GST inclusive)	-	-	-	-	-
Amount available carried to the next period	1	-	-	1	1
Represented by:					
Cash	-	-	-	-	-
Departmental appropriation receivable	-	-	-	-	-
Undrawn, unapplied administered appropriations	1	-	-	1	1
Total	1	-	-	1	1

¹ The Appropriation (Supplementary Measures) Act No.1 1999 appropriation is split between the Department of Industry, Tourism and Resources, the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts. The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

² The Special Appropriation (Limited Amount) balance was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
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NOTE 24i: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Refund Provisions)

Financial Management and Accountability Act 1997, section 28(2)					
Purpose : To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.					
			01-Jul-07 to 02-Dec-07	03-Dec-07 to 30-Jun-08	
	2009	\$'000	\$'000	\$'000	Total 2008 \$'000
Nature: Administered					
		3,234	1	-	1
Cash payments made during the year					
Appropriations credited to special accounts		-	-	-	-
Refunds received (net) (FMA Act section 30)					
Total charged to special appropriations		3,234	1	-	1
Budget estimate (FMA Act section 28)		3,234	1	-	1

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2009

NOTE 25: Special Accounts

NOTE 25: Table A: Special Accounts

Cultural Ministers Council Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on conducting activities of the working parties initiated by the Cultural Minister's Council (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	478	-	478
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	-	12	-	12
Realised investments	-	-	-	-
Other receipts	-	196	-	196
Total credits	-	686	-	686
Payments made to employees	-	(17)	-	(17)
Payments made for grants	-	(105)	-	(105)
Payments made to suppliers - related entities	-	(6)	-	(6)
Payments made to suppliers - external entities	-	(12)	-	(12)
Debit to special account ¹	-	(546)	-	(546)
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	(686)	-	(686)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

**Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 25: Table A: Special Accounts (continued).

National Collections Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on conducting projects, programs and strategies associated with the future directions, needs and priorities of the collections sector (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	288	-	288
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (<i>FMA Act</i> section 30A)	-	49	-	49
Realised investments	-	-	-	-
Other receipts	-	540	-	540
Total credits	-	877	-	877
Payments made for grants	-	(320)	-	(320)
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	-	(220)	-	(220)
Debit to Special Account ¹	-	(337)	-	(337)
Investments debited from the Special Account (<i>FMA Act</i> section 39)	-	-	-	-
Total debits	-	(877)	-	(877)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 25: Table A: Special Accounts (continued)

International Aid Special Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on conducting activities in the Asia-Pacific region that assists countries to liberalise their communications markets, including, but not limited to telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	70	165	-	165
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	4	-	8	8
Realised investments	-	-	-	-
Other receipts	-	-	145	-
Total credits	74	165	153	173
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	(49)	(20)	(83)	(103)
Debit to Special Account ¹	-	(145)	-	-
Other adjustments ²	(25)	-	-	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(74)	(165)	(83)	(103)
Balance carried to next period (excluding investment balances)	-	-	70	70
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	70	70

¹ The International Aid Special Account was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

² The special account has fulfilled its current obligation in relation to receipts received to date. The balance of \$18,875 was returned to AusAID and \$5,751 of the special account was returned to the Departmental main bank account on 30 June 2009 under subsection 26(c) of the FMA Act.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 25: Table A: Special Accounts (continued)

National Portrait Gallery Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: For the expenditure on acquisition of works of art, organising activities and mounting exhibitions for the National Portrait Gallery (NPG) and assisting with NPG Circle of Friends events (established 1 December 2005).

Nature: Departmental

	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	3,469	-	3,469
Appropriation for reporting period	-	38	-	38
Other receipts - interest	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (<i>FMA Act</i> section 30A)	-	12	-	12
Realised investments	-	-	-	-
Other receipts	-	96	-	96
Total credits	-	3,615	-	3,615
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	-	(225)	-	(225)
Debit to Special Account ¹	-	(3,390)	-	(3,390)
Investments debited from the Special Account (<i>FMA Act</i> section 39)	-	-	-	-
Total debits	-	(3,615)	-	(3,615)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 25: Table A: Special Accounts (continued)

Return of Indigenous Cultural Property Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on developing and conducting programs and strategies associated with the repatriation of Indigenous cultural material, on behalf of the Cultural Ministers Council (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	409	-	409
Appropriation for reporting period	-	850	-	850
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	-	12	-	12
Realised investments	-	-	-	-
Other receipts	-	-	-	-
Total credits	-	1,271	-	1,271
Payments made to employees	-	-	-	-
Payments made for grants	-	-	-	-
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	-	(135)	-	(135)
Debit to Special Account ¹	-	(1,136)	-	(1,136)
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	(1,271)	-	(1,271)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the period ended 30 June 2009

NOTE 25: Table A: Special Accounts (continued)

Art Rental Special Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose:</i> To acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth (established 17 August 2006).				
<i>Nature:</i> Departmental				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	1,886	-	1,886
Other Credited from other Special Accounts	-	-	-	-
Sales of goods and services - related entities	-	-	-	-
Sales of goods and services - external entities	-	1,437	-	1,437
GST credits (<i>FMA Act</i> section 30A)	-	99	-	99
Realised investments	-	-	-	-
Other receipts	-	32	-	32
Total credits	-	3,454	-	3,454
Payments made to employees	-	(500)	-	(500)
Payments made for grants	-	-	-	-
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	-	(1,215)	-	(1,215)
Debit to Special Account ¹	-	(1,739)	-	(1,739)
Investments debited from the Special Account (<i>FMA Act</i> section 39)	-	-	-	-
Total debits	-	(3,454)	-	(3,454)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 25: Table A: Special Accounts (continued)

Sport and Recreation Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: To undertake sport and recreation related projects of common interest to the Sport and Recreation Ministers' Council, its successor or subordinate bodies, and that benefit all or a majority of members (established 17 August 2006).</i>				
<i>Nature: Departmental</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	340	-	340
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (<i>FMA Act</i> section 30A)	-	-	-	-
Realised investments	-	-	-	-
Other receipts	-	312	-	312
Total credits	-	652	-	652
Payments made to employees	-	-	-	-
Payments made for grants	-	-	-	-
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	-	-	-	-
Debit to Special Account ¹	-	(652)	-	(652)
Investments debited from the Special Account (<i>FMA Act</i> section 39)	-	-	-	-
Total debits	-	(652)	-	(652)
Balance carried to next period (excluding investment balances)	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Cash - in Departmental bank account	-	-	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of Health and Ageing.

**Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 25: Table A: Special Accounts (continued)

Other Trust Monies Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>					
<i>Purpose: For expenditure of monies temporarily held on trust or otherwise for the benefit of another person other than the Commonwealth.</i>					
<i>Nature: Departmental</i>					
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	
Balance carried from previous period	1	116	1	116	
Appropriation for reporting period	-	-	-	-	
Credit from other Special Accounts	-	-	-	-	
GST credits (<i>FMA Act</i> section 30A)	-	-	-	-	
Other receipts	-	1	-	1	
Total credits	1	117	1	117	
Payments made	-	(116)	-	(116)	
Other adjustments ¹	(1)	-	-	-	
Total debits	(1)	(116)	-	(116)	
Balance carried to next period (excluding investment balances)	-	1	1	1	
Represented by:					
Cash - transferred to the Official Public Account	-	-	-	-	
Cash - in Departmental bank account	-	1	1	1	
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-	-	-	
Total balance carried to the next period	-	1	1	1	

¹ The balance of the Other Trust Monies Account (\$1,172) relates to an unidentified receipt and was transferred to the Official Public Account.

**Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 25: Table A: Special Accounts (continued).

Federation Fund - Department of Communications, Information Technology and the Arts Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community (established 17 August 2006).</i>				
<i>Nature: Administered</i>				
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000
Balance carried from previous period	-	1,806	-	-
GST credits (<i>FMA Act section 30A</i>)	-	-	-	-
Realised investments	-	-	-	-
Other receipts ¹	-	-	1,806	1,806
Total credits	-	1,806	1,806	1,806
Payments made for grants	-	-	-	-
Other adjustments ²	-	(1,806)	(1,806)	(1,806)
Investments debited from the Special Account (<i>FMA Act section 39</i>)	-	-	-	-
Total debits	-	(1,806)	(1,806)	(1,806)
Balance carried to next period	-	-	-	-
Represented by:				
Cash - transferred to the Official Public Account	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ The Federation Fund Special Account was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

² The purpose of this special account is considered to be fulfilled. The balance of the special account was returned to Official Public Account on 6 June 2008 under subsection 26(c) of the *FMA Act*.

**Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 25: Table A: Special Accounts (continued).

BAF Communications Portfolio Special Account			
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Nation-building Funds Act 2008, section 68.</i>			
<i>Purpose: To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters.</i>			
<i>Nature: Administered</i>			
	2009 \$'000	2008 \$'000	
Balance carried from previous period	-	-	-
Appropriation for reporting period	-	-	-
Other Credited from other Special Accounts	-	-	-
GST credits (FMA Act section 30A)	-	-	-
Realised investments	-	-	-
Building Australia Fund receipts	10,000	-	-
Total credits	10,000	-	-
Payments made	(10,000)	-	-
Other adjustments	-	-	-
Total debits	(10,000)	-	-
Balance carried to next period	-	-	-
Represented by:			
Cash - transferred to the Official Public Account	-	-	-
Total balance carried to the next period	-	-	-
Balance of Investments	-	-	-

The BAF Communications Portfolio Special Account was established on 1 January 2009 under section 68 of the Nation-building Funds Act 2008.

**Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009**

NOTE 25: Table A: Special Accounts (continued).

Communications Fund Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999 sections 158ZH, 158ZO, 158ZP.</i>					
<i>Purpose: To fund recommendations arising from reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia.</i>					
<i>Nature: Administered</i>					
	2009 \$'000	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	
Balance carried from previous period	-	-	-	-	-
Appropriation for reporting period	-	-	-	-	-
Realisation of investments credited to the Fund - section 158ZP (5)	2,356,420	2,215,986	2,260,440	2,215,986	
Interest credited to the Fund - section 158ZP(1) of the Telecommunications (Consumer Protection and Service Standards) Act 1999	94,457	44,454	96,139	140,593	
Total credits	2,450,877	2,260,440	2,356,579	2,356,579	
Investments debited from the Special Account - section 158ZO of the Telecommunications (Consumer Protection and Service Standards) Act 1999	(2,450,719)	(2,260,440)	(2,356,420)	(2,356,420)	
Acquisition of derivatives debited from the Fund - section 158ZQ	-	-	-	-	-
Payments made for expenses of investments - section 158ZP	(158)	-	(159)	(159)	
Total debits¹	(2,450,877)	(2,260,440)	(2,356,579)	(2,356,579)	
Balance carried to next period	-	-	-	-	
Represented by:					
Cash - transferred to the Official Public Account	-	-	-	-	-
Total balance carried to the next period	-	-	-	-	
Balance of Investments	-	2,260,440	2,356,420	2,356,420	

¹ On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 25: Table B: Special Accounts Investment of Public Money

Communications Fund Investment of Public Money under sections 158ZH, 158ZO, 158ZP Telecommunications (Consumer Protection and Service Standards) Act 1999.		01-Jul-07 to 02-Dec-07	03-Dec-07 to 30-Jun-08	
	2009			2008
	\$'000	\$'000	\$'000	\$'000
Opening Balance	2,356,420	2,215,986	2,260,440	2,215,986
Investments made ¹				
- From Special Account	5,043,611	11,156,337	5,377,524	16,533,861
- Other	-	-	-	-
Investment income	94,457	44,454	96,139	140,593
Transactional charges	(158)	-	(159)	(159)
Investments realised ²	(5,043,611)	(11,156,337)	(5,377,524)	(16,533,861)
Transfer to the Building Australia Fund Special Account section 16 of the <i>Nation-building Funds Act 2008</i> (at cost) ²	(2,450,719)	-	-	-
Closing Balance	-	2,260,440	2,356,420	2,356,420

¹ Investments made during the year and investments realised represent the gross proceeds from the maturity and reinvestment of marketable securities.

² The market value of the investments transferred to the Building Australia Fund on 1 January 2009 was \$2,468,395,373.

Communications Fund Investment Policy:

The Government authorised, through the Communications Fund Special Account Investment Authorisation (No.1 of 2007), the Australian Office of Financial Management (AOFM) to make and realise investments on behalf of the Fund. The exercise of this authority is in accordance with the following instructions:

- investments were only made in Australian dollar denominated debt instrument and bank deposits;
- the Fund was typically a buy and hold investor;
- the Fund had a relatively high level of liquidity;
- investments were in basic low risk instruments, with diversification of credit exposures sought where possible; and
- the Fund is to maintain a credit rating of AAA as set by Standard and Poor's.

NOTE 26: Assets Held in Trust

Purpose - This account holds receipts identified as requiring reimbursement to a third party.

	2009 \$'000	2008 \$'000
Monetary Assets		
Opening balance	1	116
Payments to Special Broadcasting Service Corporation	-	1
Available for payments	1	117
Other adjustments ¹	(1)	(116)
Total	-	1

¹ The balance of the Other Trust Monies Account (\$1,172) relates to an unidentified receipt and was transferred to the Official Public Account. The monies held in this account are also disclosed in Note 25 "Other Trust Monies Account".

Note 27: Compensation and Debt Relief

2009

2008

\$'000

\$'000

Administered

No 'Act of Grace' expenses were incurred during the reporting period. (2008: No expenses)

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-

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. (2008: No waivers)

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-

No ex-gratia payments were provided for during the reporting period. (2008: No payments)

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-

Departmental

No 'Act of Grace' payments were made during the reporting period. (2008: No payments made)

-

-

No payments were made under section 73 of the *Public Service Act 1999* during the reporting period. (2008: No payments made)

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-

No waivers of amounts owing to the Australian Government were made in pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. (2008: No waivers)

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-

No 'ex-gratia' payments were made during the reporting period. (2008: No payments made)

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No payments were made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme' during the reporting period. (2008: No payments made)

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Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

NOTE 28: Reporting of Outcomes

The Department uses a costing system to determine the attribution of its shared items (overheads) to Outcomes and Outputs. This system is largely based on the use of actual average staffing levels (ASLs) month by month. The basis of attribution in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2008–09 Budget.

Note 28A: Net Cost of Outcome Delivery for 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Outcome 1 2009	Payments to CAC Act bodies 2009	Total 2009
	\$'000	\$'000	\$'000
Expenses			
Administered	185,678	1,049,870	1,235,548
Departmental	115,031	-	115,031
Total expenses	300,709	1,049,870	1,350,579
Costs recovered from provision of goods and services to the non-Government sector			
Administered	-	-	-
Departmental	-	-	-
Total costs recovered	-	-	-
Other external income			
Administered			
Interest	86,395	-	86,395
Dividend from Australian Government entities	427,800	-	427,800
Gains	1,018	-	1,018
Other revenue	349	-	349
Departmental			
Sale of goods and rendering of services	293	-	293
Other	1,693	-	1,693
Total Departmental	1,986	-	1,986
Total other external income	517,548	-	517,548
Net cost/(contribution) of outcome	(216,839)	1,049,870	833,031

The Department of Communications, Information Technology and the Arts (DCITA) was abolished by the Administrative Arrangements Order of 3 December 2007. DCITA's Outcomes are described at item 1.2 of Note 1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

* Comparative amounts are contained in Table 28B and 28C.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Note 28B: Net Cost of Outcome Delivery for 1 July to 2 December 2007

	Department of Communications, Information Technology and the Arts Total Outcomes	Outcome 1		Outcome 2		Outcome 3		Total
		2008	\$'000	2008	\$'000	2008	\$'000	
Expenses								
Administered		84,753		56,977		84,472		226,202
Departmental		23,902		2,524		41,298		67,724
Total expenses		108,655		59,501		125,770		293,926
Costs recovered from provision of goods and services to the non-Government sector								
Administered		-		-		-		-
Departmental		-		-		-		-
Total costs recovered		-		-		-		-
Other external income								
Administered								
Interest		1		-		62,072		62,073
Dividend from Australian Government entities		-		-		158,300		158,300
Grant and subsidy refunds		448		178		555		1,181
Other sources		2		-		186		188
Total Administered		451		178		221,113		221,742
Departmental								
Sale of goods and rendering of services		490		132		24		646
Other		2,748		431		79		3,258
Total Departmental		3,238		563		103		3,904
Total other external income		3,689		741		221,216		225,646
Net cost/(contribution) of outcome		104,966		58,760		(95,446)		68,280

The Department of Communications, Information Technology and the Arts (DCITA) was abolished by the Administrative Arrangements Order of 3 December 2007. DCITA's Outcomes are described at item 1.2 of Note 1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Note 28C: Net Cost of Outcome Delivery for period 3 December 2007 to 30 June 2008

	Department of Broadband, Communications and the Digital Economy	
	Total Outcomes	
	Outcome 1 2008 \$'000	Total 2008 \$'000
Expenses		
Administered	132,635	132,635
Departmental	60,578	60,578
Total expenses	193,213	193,213
Costs recovered from provision of goods and services to the non-Government sector		
Administered	-	-
Departmental	-	-
Total costs recovered	-	-
Other external income		
Administered		
Interest	101,225	101,225
Dividend from Australian Government entities	148,000	148,000
Grant and subsidy refunds	5,925	5,925
Other sources	204	204
Total Administered	255,354	255,354
Departmental		
Sale of goods and rendering of services	339	339
Other	760	760
Total Departmental	1,099	1,099
Total other external income	256,453	256,453
Net cost/(contribution) of outcome	(63,240)	(63,240)

The Department of Communications, Information Technology and the Arts (DCITA) was abolished by the Administrative Arrangements Order of 3 December 2007. DCITA's Outcomes are described at item 1.2 of Note 1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

Department of Broadband, Communications and the Digital Economy
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Note 28D: Major classes of Departmental Income and Expenses by Output Group - 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Output 1.1	Outcome 1 Total	Total Outcome
	2009 \$'000	2009 \$'000	2009 \$'000
Departmental expenses			
Employees	66,118	66,118	66,118
Suppliers	42,533	42,533	42,533
Depreciation and amortisation	5,862	5,862	5,862
Grants	10	10	10
Other expenses	508	508	508
Total departmental expenses	115,031	115,031	115,031
Funded by:			
Income from Government	117,075	117,075	117,075
Sale of goods and rendering of services	293	293	293
Other	1,693	1,693	1,693
Total departmental income	119,061	119,061	119,061

* Comparative amounts are contained in Table 28F and 28H.

Note 28E: Major classes of Departmental Assets and Liabilities by Outcomes - 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Outcome 1	Total Outcome
	2009 \$'000	2009 \$'000
Departmental assets		
Cash and cash equivalents	2,172	2,172
Receivables	84,331	84,331
Land and buildings (net book value)	6,244	6,244
Infrastructure, plant and equipment (net book value)	4,942	4,942
Intangibles (net book value)	1,728	1,728
Prepayments	397	397
Total departmental assets	99,814	99,814
Departmental liabilities		
Suppliers payables	6,591	6,591
Lease incentives	138	138
Other payables	1,762	1,762
Employee provisions	16,449	16,449
Other provisions	1,831	1,831
Total departmental liabilities	26,771	26,771

* Comparative amounts are contained in Table 28G and 28I.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Note 28F: Major classes of Departmental Income and Expenses by Output Group - 1 July to 2 December 2007

Department of Communications, Information Technology and the Arts	Output 1.1	Outcome 1	Output 2.1	Outcome 2	Output 3.1	Outcome 3	Total
	2008 \$'000	Total 2008 \$'000	2008 \$'000	Total 2008 \$'000	2008 \$'000	Total 2008 \$'000	Outcome 2008 \$'000
Departmental expenses							
Employees	13,518	13,518	1,567	1,567	19,911	19,911	34,996
Suppliers	9,118	9,118	919	919	20,418	20,418	30,455
Depreciation and amortisation	726	726	36	36	913	913	1,675
Grants	509	509	-	-	10	10	519
Other expenses	30	30	2	2	47	47	79
Total departmental expenses	23,901	23,901	2,524	2,524	41,299	41,299	67,724
Funded by:							
Income from Government	23,481	23,481	2,284	2,284	33,986	33,986	59,751
Sale of goods and rendering of services	262	262	-	-	-	-	262
Other	2,976	2,976	563	563	103	103	3,642
Total departmental income	26,719	26,719	2,847	2,847	34,089	34,089	63,655

Note 28G: Major classes of Departmental Assets and Liabilities by Outcomes - 1 July to 2 December 2007

Department of Communications, Information Technology and the Arts	Outcome 1	Outcome 2	Outcome 3	Total
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Departmental assets				
Cash and cash equivalents	7,167	652	910	8,729
Receivables	6,907	846	131,945	139,698
Accrued income	-	-	13	13
Land and buildings (net book value)	562	-	5,832	6,394
Infrastructure, plant and equipment (net book value)	2,070	9	7,073	9,152
Heritage and cultural assets (net book value)	48,874	-	-	48,874
Intangibles (net book value)	28	-	1,177	1,205
Prepayments	178	-	530	708
Total departmental assets	65,768	1,507	147,480	214,773
Departmental liabilities				
Suppliers payables	2,050	58	4,198	6,306
Lease incentives	23	-	203	226
Other payables	1,906	-	53,426	55,332
Employee provisions	6,666	458	13,066	20,190
Other provisions	25	-	1,601	1,626
Total departmental liabilities	10,670	516	72,494	83,680

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2009

Note 28H: Major classes of Departmental Revenues and Expenses by Output Group - 3 December to 30 June 2008

Department of Broadband, Communications and the Digital Economy	Output 1.1	Outcome 1 Total	Total Outcome
	2008 \$'000	2008 \$'000	2008 \$'000
Departmental expenses			
Employees	34,632	34,632	34,632
Suppliers	23,290	23,290	23,290
Depreciation and amortisation	2,511	2,511	2,511
Other expenses	145	145	145
Total departmental expenses	60,578	60,578	60,578
Funded by:			
Income from Government	51,463	51,463	51,463
Sale of goods and rendering of services	65	65	65
Other	1,034	1,034	1,034
Total departmental income	52,562	52,562	52,562

Note 28I: Major classes of Departmental Assets and Liabilities by Outcomes - 3 December to 30 June 2008

Department of Broadband, Communications and the Digital Economy	Outcome 1	Total Outcome
	2008 \$'000	2008 \$'000
Departmental assets		
Cash and cash equivalents	3,105	3,105
Receivables	74,044	74,044
Accrued income	67	67
Land and buildings (net book value)	10,003	10,003
Infrastructure, plant and equipment (net book value)	5,230	5,230
Intangibles (net book value)	1,274	1,274
Prepayments	430	430
Total departmental assets	94,153	94,153
Departmental liabilities		
Suppliers payables	6,477	6,477
Lease incentives	179	179
Other payables	1,179	1,179
Employee provisions	14,468	14,468
Other provisions	4,351	4,351
Total departmental liabilities	26,654	26,654

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Note 28J: Major Classes of Administered Revenues and Expenses by Outcomes for the period 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Outcome 1	Payments to CAC Act bodies	Total
	2009 \$'000	2009 \$'000	2009 \$'000
Administered expenses			
Grants	83,070	-	83,070
Subsidies	84,816	-	84,816
Suppliers	11,837	-	11,837
Write-down and impairment of assets	18	-	18
Payments to CAC Act bodies	-	1,049,870	1,049,870
Other	5,937	-	5,937
Total administered expenses	185,678	1,049,870	1,235,548
Administered income			
Interest	86,395	-	86,395
Dividend from Australian Government entities	427,800	-	427,800
Gains	1,018	-	1,018
Other revenue	349	-	349
Total administered income	515,562	-	515,562

* Comparative amounts are contained in Table 28L and 28N

Note 28K: Major Classes of Administered Assets and Liabilities by Outcomes for the period 1 July to 30 June 2009*

Department of Broadband, Communications and the Digital Economy	Outcome 1	Total
	2009 \$'000	2009 \$'000
Administered assets		
Cash and cash equivalents	8,440	8,440
Receivables	18,798	18,798
Investments	3,610,191	3,610,191
Prepayments	3,107	3,107
Total administered assets	3,640,536	3,640,536
Administered liabilities		
Suppliers	1,698	1,698
Grants	8,337	8,337
Subsidies	6,667	6,667
GST	5,935	5,935
Total administered liabilities	22,637	22,637

* Comparative amounts are contained in Table 28M and 28O

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2009

Note 28L: Major Classes of Administered Revenues and Expenses by Outcomes for the period 1 July to 2 December 2007

	Outcome 1			Outcome 2			Outcome 3			Total		
	2008	\$'000		2008	\$'000		2008	\$'000		2008	\$'000	
Department of Communications, Information Technology and the Arts												
Administered expenses												
Grants			82,636			56,978			52,667			192,281
Subsidies			-			-			21,035			21,035
Suppliers			439			-			8,876			9,315
Depreciation and amortisation			1,670			-			-			1,670
Write-down and impairment of assets			-			-			(24)			(17)
Other			-			-			1,918			1,918
Total administered expenses			84,753			56,977			84,472			226,202
Administered income												
Interest			1			-			62,072			62,073
Dividend from Australian Government entities			-			-			158,300			158,300
Grant and subsidy refunds			448			179			555			1,181
Other sources			2			-			186			188
Total administered income			451			179			221,113			221,742

Note 28M: Major Classes of Administered Assets and Liabilities by Outcomes for the period 1 July to 2 December 2007

	Outcome 1			Outcome 2			Outcome 3			Total		
	2008	\$'000		2008	\$'000		2008	\$'000		2008	\$'000	
Department of Communications, Information Technology and the Arts												
Administered assets												
Cash and cash equivalents			-			-			26			26
Receivables			227			287			6,949			7,463
Investments			5,989,729			240,185			5,583,760			11,813,674
Land and buildings			35,909			-			-			35,909
Heritage and cultural assets			58,581			-			-			58,581
Prepayments			635			-			429			1,064
Total administered assets			6,085,081			240,472			5,591,164			11,916,717
Administered liabilities												
Suppliers			511			-			48			559
Grants			1,083			318			1,658			3,059
Subsidies			-			-			9,067			9,067
GST			28			-			3,682			3,710
Other			21			-			1			22
Total administered liabilities			1,643			318			14,456			16,417

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 28N: Major Classes of Administered Revenues and Expenses by Outcomes for the period 3 December 2007 to 30 June 2008

	Outcome 1 2008 \$'000	Total 2008 \$'000
Department of Broadband, Communications and the Digital Economy		
Administered expenses		
Grants	53,007	53,007
Subsidies	65,053	65,053
Suppliers	5,513	5,513
Write-down and impairment of assets	6,092	6,092
Other	2,970	2,970
Total administered expenses	132,635	132,635
Administered income		
Interest	101,225	101,225
Dividend from Australian Government entities	148,000	148,000
Grant and subsidy refunds	5,925	5,925
Other sources	204	204
Total administered income	255,354	255,354

Note 28O: Major Classes of Administered Assets and Liabilities by Outcomes for the period 3 December 2007 to 30 June 2008

	Outcome 1 2008 \$'000	Total 2008 \$'000
Department of Broadband, Communications and the Digital Economy		
Administered assets		
Cash and cash equivalents	24	24
Receivables	5,138	5,138
Investments	7,111,000	7,111,000
Prepayments	2,487	2,487
Total administered assets	7,118,649	7,118,649
Administered liabilities		
Suppliers	1,084	1,084
Grants	1,505	1,505
Subsidies	15,049	15,049
GST	3,879	3,879
Total administered liabilities	21,517	21,517

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SECTION 6

OTHER INFORMATION 237

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ACRONYMS AND GLOSSARY

ACRONYMS

ABC	Australian Broadcasting Corporation
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
AGIMO	Australian Government Information Management Office
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APEC TEL	Asia–Pacific Economic Cooperation Telecommunication Working Group
APS	Australian Public Service
APT	Asia–Pacific Telecommunity
ARC	Australian Research Council
ASEAN	Association of Southeast Asian Nations
ASTRA	Australian Subscription Television and Radio Association
AWA	Australian Workplace Agreements
CA	Collective agreement
CD	compact disc
CDS	Commonwealth Disability Strategy
CLCs	Common Law Contracts
CTN	Consumers' Telecommunications Network
CWG	Consultative working group
DBCDE	Department of Broadband, Communications and the Digital Economy
DCITA	Department of Communications, Information Technology and the Arts
DVD	Digital Versatile Disc
EL	Executive level

EMG	Executive Management Group
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FMA	Financial Management and Accountability Act
FOI	Freedom of Information
FOI Act	Freedom of Information Act
FTTP	fibre-to-the-premises
FRLI	Federal Register of Legislative Instruments
HTML	Hypertext markup language
ICANN	Internet Corporation for Assigned Names and Numbers
ICP	Indigenous Communications program
ICT	Information and communications technology
ISP	Internet service provider
IT	Information technology
ITU	International Telecommunication Union
NAA	National Archives Australia
NICTA	National ICT Australia
OECD	Organisation for Economic Cooperation and Development
OH&S	occupational health and safety
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PC	personal computer
PhD	Doctor of Philosophy
RFP	Request for Proposal
RTA	Roads and Traffic Authority
RTI	Regional Telecommunications Inquiry
SBS	Special Broadcasting Service Corporation
SES	senior executive service
TEDICORE	Telecommunications and Disability Consumer Representation
TOIL	time off in lieu
TTY	Telecommunications Device for the Deaf/Tele Typewriter
TV	television

USB	Universal Serial Bus
VoIP	voice over internet protocol
W3C	World Wide Web Consulting



GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accrual budget	A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures. Thus an accrual budget is an extension of the cash budget, focusing on all the resource implications of the strategic and operational plan.
Activity	What an agency does to convert inputs into outputs.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Agency	Agencies are Departments of State, Departments of Parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Australian Workplace Agreements	An Australian Workplace Agreement (AWA) is a formalised individual employment contract registered by the Workplace Authority.
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Backbone	Backbone infrastructure (also known as ‘backhaul’ or ‘transmission’ infrastructure) refers to the very high capacity communications links that connect towns, cities and rural areas to each other and the wider world. Backbone infrastructure supports the delivery of a range of services, fixed voice and mobile services.
Collective agreement	A certified agreement is a written agreement about working conditions and wages made between an employer and its employees.
Chief Executive's Instructions	Instructions on the administration of the Department issued by the Secretary under regulation 6, <i>Financial Management and Accountability Regulations 1997</i> .
Competitive tendering and contracting	The process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation. The activity is submitted to competitive tender, and the preferred provider of the activity is selected from the range of bidders by evaluating offers against predetermined selection criteria.
Consultancy services	<p>Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations; or to provide independent advice, information or creative solutions to assist the agency in management decision making.</p> <p>A consultancy contract will typically define the nature and purpose of the task to be performed but not (in any detail) the manner in which the task is to be performed. By contrast, other (non-consultancy) contracts for services will typically be far more restrictive in the degree of latitude afforded to the contractor.</p>
Convergence	The process by which technologies (for example, televisions, phones and computers) and platforms (for example, broadcast, telecommunications and online) that originated having distinct functionalities evolve to overlap, so that the end user experience is similar regardless of the platform or device.

Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.
Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Digital dividend	Refers to the radiofrequency spectrum, currently used for analog television, which is freed up by the switchover from analog to digital-only television.
Digital economy	The global network of economic and social activities that are enabled by information and communication technologies, such as the internet, mobile and sensor networks.
Discretionary grants	Payments where the portfolio minister and paying agency have discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
Greenfield estates	New building developments including residential, industrial, commercial or mixed use developments. While many Greenfield estates are new land releases on the urban fringe they may also include urban in-fill and regeneration projects.
Internal auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Materiality	Takes into account the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.

Metro-comparable	A broadband service that offers a minimum 512 kbps download and 128kbps upload data speed, 3GB per month data usage at a total cost of \$2500 GST inclusive over three years (including installation and connection fees).
NBN Co	The company established by the Government to build and operate the National Broadband Network.
Non-ongoing APS employee	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
Ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
Operation Sunlight	The Australian Government's reform agenda to improve the openness and transparency of public sector budgetary and financial management and to promote good governance practices.
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community.
Outputs	The goods and services an agency produces to contribute to the achievement of an outcome.
Performance information	Evidence about performance that is collected and used systematically which may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention. Evaluations may also be periodically utilised to assess the performance of programs.
Portfolio Additional Estimates Statements	Similar to the Portfolio Budget Statements and prepared at Additional Estimates time to support an update on the Australian Government's original annual budget for the department and portfolio agencies.
Portfolio Budget Statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the department's budget and provide detail of outcome performance forecasts and resources in order to justify expenditure.
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management involves the systematic application of management policies, procedures and practices to the steps of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Service charters

A service charter is a public statement about the service that a department will provide and what customers can expect from the department. In particular the service charter advises what the department does, how to contact and communicate with the department, the standard of service that customers can expect, and their basic rights and responsibilities, and how to provide feedback or make a complaint.

Special appropriations

Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.

CORRECTIONS TO THE 2007–08 ANNUAL REPORT

SECTION 3 – MANAGEMENT AND ACCOUNTABILITY

The section on consultants on page 94 of the Department's annual report for 2007–08 incorrectly referred to the total number of consultancy contracts let during the reporting period as a total of 84 consultancy contracts. This should have referred to a total of 85 consultancy contracts.

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